NRA NEWS

October, 1981
Volume I, Number 1

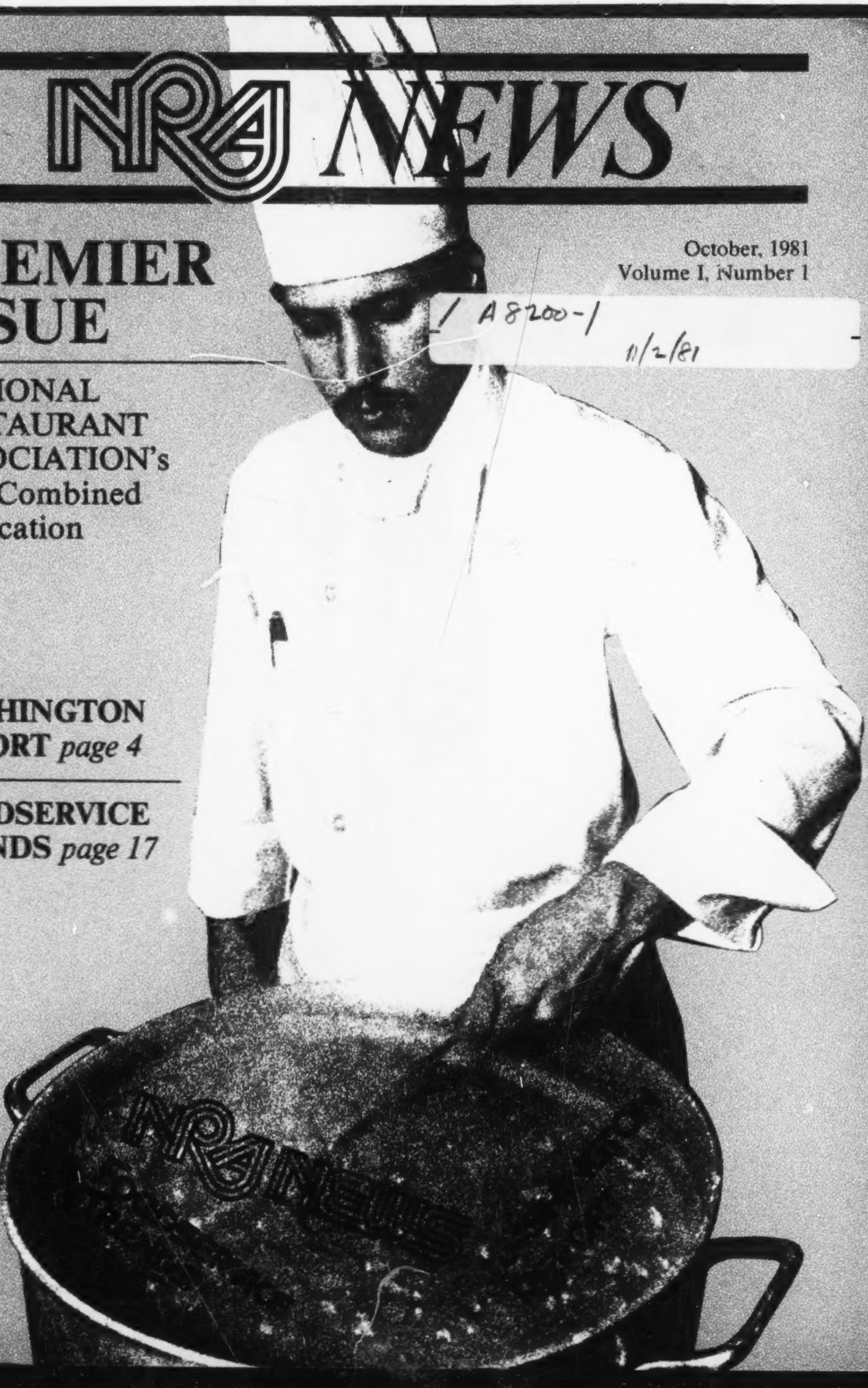
A8200-1
11/2/81

PREMIER ISSUE

NATIONAL
RESTAURANT
ASSOCIATION's
New Combined
Publication

WASHINGTON REPORT *page 4*

FOODSERVICE TRENDS *page 17*



A Grand Opening...

This first issue of *NRA News* in a contemporary, comprehensive format was developed a lot like your own house specialty recipe. First, the family liked it. Then we refined it for wider tastes. And though the future will bring changes, we're now ready to serve it to you.

As our front cover illustrates, what we've done is combine the features you've been receiving in *Washington Report, Foodservice Trends* and the tabloid *NRA News.* This has several advantages for NRA members. Each month you will receive integrated information on association activities, federal and state laws and regulations, industry performance and consumer trends. You'll get the big picture in one convenient package.

Each member firm will also receive weekly *Washington Updates* directly from the Government Relations Department at no additional cost.

The new *NRA News* will be sent to all members as part of the services paid for by their association dues. The higher the dues, the more copies a company can receive. We've also got good news for subscribers. In the past, a subscription to *Washington Report, Foodservices Trends* and the tabloid *NRA News* was valued at $150. Now, they're available to you each month for just a $100 membership.

As with any new product, we want and expect your comments. *NRA News* should be the place you turn for the kinds of industry and association information it takes to be successful in today's competitive marketplace. Let us know what you think. We'll look forward to learning how we can meet your needs in the months ahead.

Sincerely,

Walter J Conti

Walter Conti
Chairman

NRA NEWS

CHAIRMAN OF THE BOARD
Walter Conti
VICE-CHAIRMAN
Jack Laughery
TREASURER
John Dankos
CHAIRMAN, COMMUNICATIONS COMMITTEE
Michael Grisanti
EXECUTIVE COMMITTEE
Ted Balestreri
James Collins
Edward Elliott
Stanton Elliott
Thad Eure
Ralph Evans
Jim Hasslocher
Larry Hilaire
Michael Hurst
Joe Lee
Harris Machus
Michael O'Neal
William Regas
John Rian
Ernest Royal
Harris Rusitzky

PRESIDENT
Robert Bradford
CORPORATE SECRETARY
Ruth Tracy
SENIOR DIRECTOR
Jeffrey Prince
DIRECTOR, PUBLIC RELATIONS
David French

EDITOR
Elaine Raffel
EDITORIAL ASSISTANTS
Carol Caprione
Elyse Cuttler
SECTIONS EDITORS
Bette Hoyt
Jay Morris
STAFF CONTRIBUTORS
Joan Campbell
Gayle Christensen
Tom Corcoran
Cindy Estis
Clyde Griffith
Libby Hendrix
Robert Palmer
Andrew Poledor
James Rogers
Rachel Zachary

EDITORIAL OFFICES
311 First Street N.W., Washington, D.C. 20001
(202) 638-6100

NRA News (Issn 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, D.C. 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second class postage paid at Chicago, Ill. 60607, and additional mailing offices. *Postmaster*: send address changes to *NRA News*, 311 First St., N.W., Washington, D.C. 20001.

NRA NEWS

Short Orders
Notes and announcements 2

Washington Report
Updates on regulatory relief, natural gas and NRA's new political education committee. Plus, NRA talks taxes with Rep. Barber Conable 4

The Law
NRA wins on uniform maintenance, Targeted Jobs Tax Credit, meal credits and payroll taxes on meals. 12

The Board Room
Traveling cross country with Chairman Conti and NRA directors. 14

State Department
New grassroots program launched in Texas. 16

Foodservice Trends
A report on consumer awareness of diet and health, dining club membership and the latest commodity spotlight. Plus, results of an NRA/CREST study on menu item selection and NRA's new publication on promotion use. 17

Trendsetters
Eating healthy (and deliciously) in today's restaurants. 29

At Your Service
Adding new items to your menu. 32

Your Order, Please
NRA's bookstore has the information, materials you need. 33

Stuart Anderson's
BALLOON
TEAM

Tastemakers
Flying high with Stuart Anderson's hot air balloon. 34

Food for Thought
Speaking out on promotional logic. 36

Showtime
NRA to construct demonstration kitchen at '82 show. 38

Education
From cutting costs to employee relations, NRA seminars meet current needs. 39

SHORT ORDERS

Work-Study deadline set for November 1

Any foodservice educator or administrator interested in applying for the 1982 NRA/NIFI Teacher Work-Study Grant program must do so before the Nov. 1, 1981, deadline. Thirty $1500 grants will be awarded to qualified applicants in December.

Grant recipients will work in a foodservice facility for a minimum eight-week period to refresh their skills and update their awareness of industry trends. For information, write to NIFI, 20 N. Wacker Dr., Chicago, Ill. 60606.

New NRA computer to benefit members

NRA's newly activated computer system—Data Deli—has the capability to provide members with the most complete and up-to-date information available on everything from book orders to congressional legislation.

The new NRA system is 10 times larger in storage capacity and five times faster than the system previously used. All membership information will be stored in the computer, and a complete three-year plan has been designed so NRA departments will be able to program information into the system.

NRA members will benefit from Data Deli's ability to provide vital congressional voting records, lists of show exhibitors, delivery of EMC orders and simplified seminar registration. Additional ways to better serve members are also currently being explored.

Market Research Handbook

NRA's Market Research for the Restaurateur—designed to assist the non-professional in understanding successful market research techniques —is now available through the Educational Materials Department.

Included in this handbook are step-by-step instructions, sample work sheets and analysis forms to help operators make operational and promotional decisions. The book also contains the "NRA Consumer Attitude Survey" which will show you how consumers perceive your restaurant. (Completed questionnaires should be sent to the NRA for computer analysis. A report will then be returned to the operator.)

NRA member price is $17.50; for non-members, $35.00. To order, contact the Educational Materials Department, 202/638-6100.

Check mailing label for correct information

Does the mailing label on this publication contain the correct information? If not, you might be missing some important membership announcements and notices. Your mailing label serves as your official membership listing within all NRA departments.

Send any changes, along with your present label, to Eloise Bailey, NRA Membership Department, 311 First St., N.W., Washington, D.C. 20001

Entries available for '82 menu contest

Entry forms are now available for the 1982 NRA Great Menu Awards competition.

What makes a great menu? The experts have mixed opinions. According to NRA Chairman Walter Conti, "A menu must be imaginative, readable, original and creative. The public is demanding choice, and a restaurant must reflect this trend in its menu selection." And said NRA Director Ted Balestreri, "A menu must be straightforward and clear. Customers don't like to see confusing menus. The less complicated, accurate menu is becoming the trend."

What do you think? Let us know by entering your menu in this year's competition. Menus will be judged for appearance, selling power, readability and originality. Any owner or operator of a foodservice establishment is eligible to enter. For information and entry forms, contact Elyse Cuttler, 202/638-6100.

Restaurant
The RainTree
& Raw Bar
Plantation Fever
The Salad Bar
Roast Prime
Don ... Rot
From the Open Hearth Broiler
Sirloin Steak US Prime
Filet Mignon US Prime
Petite Filet
Beef Osca
Chicken
Chopped

PRO-Motion

PRO-Motion boosts business, interest

If you subscribe today you won't miss a single issue of PRO-Motion, NRA's new promotional newsletter.

The next edition focuses on the holiday season and includes ideas for building interest, excitement, customer counts and profits. Contests, menu additions, decorations, advertising tips, public service events and demonstrations are just some of the techniques covered. In addition, there will be a special section on attracting and serving parties and banquets. The cost of a subscription for NRA members is specially priced at $12 per year (six issues); non-members pay $60 per year. For subscription information, contact Elyse Cuttler, 202/638-6100.

WASHINGTON REPORT

NRA sees benefits of ongoing effort for regulatory relief

NRA is beginning to see some action on the list of "burdensome, unnecessary or counterproductive" regulations it presented to the Reagan Administration last spring.

Included on the list NRA submitted to the President's Task Force on regulatory relief were Department of Labor rules regarding uniform maintenance requirements, exempt managers, meal credit procedures and USDA rules regarding central kitchen and enforcement of the Perishable Agricultural Commodities Act.

The first victory came when DOL yielded to NRA arguments and ruled that employers are no longer required to reimburse employees for maintenance of "wash and wear" uniforms. This decision, which had been sought for five years, will save industry members over half a billion dollars annually. (See "The Law" on page 12.)

War on federal regulations

The Reagan Administration has given high priority to regulatory relief, which is considered one of the keys to the President's economic recovery plan.

In a February economic address to congress, the President noted that expenditures for the major regulatory agencies quadrupled between 1970 and 1979. During that period, the number of pages published annually in the *Federal Register* almost tripled, and the number of pages in the Code of Federal Regulations increased by nearly two-thirds.

Individuals paid for the budgetary costs of these excessive regulations through higher taxes, while regulatory compliance costs by businesses added billions of dollars per year to the price of goods and services.

In a recent statement to the Task Force on regulatory relief, NRA President Robert Bradford said, "Federal agencies send out over 10,000 different forms a year, and business spends an estimated $20 billion completing them. The annual cost to consumers of all these regulatory activities is over $100 billion, according to an Arthur Anderson study done for the Businesses Roundtable in 1979."

Addressing this problem, President Reagan initiated the following actions.

- **Establishment of the Task Force on regulatory relief.** On Jan. 29, the President created the cabinet-level Task Force, chaired by Vice President Bush. The Task Force reviews proposed regulations, assesses existing regulations with an eye toward revision and coordinates proposals for legislative change.

- **Postponement of pending regulations.** On Jan. 29, the President requested the heads of 12 federal departments and agencies postpone the effective date of regulations scheduled to go into effect before Mar. 29 and refrain from issuing any new final regulations during the same 60-day period. (These include more than 100 "midnight regulations" promulgated during the final days of the Carter Administration.) Sixty-three regulations were found to need modification or elimination.

Among the frozen regulations was a DOL salary test change calling for a 45% increase in the minimum salary for executive and administrative employees exempt from federal overtime requirements. This ruling—ordered during the last days of the Carter Administration—would have affected many restaurant employers. Efforts by the NRA and state restaurant associations were influential in persuading the Administration to stay the salary test increase.

- **Signing of Executive Order 12291.** An executive order to produce better regulations signed on Feb. 14 by the President 1) set forth Reagan's regulatory principles; 2) directed agencies to determine the most cost-effective approach for meeting any regulatory objective; 3) required that agencies prepare Regulatory Impact Analyses to evaluate the potential benefits and cost of their major regulatory proposals; and 4) established the pre-eminence of the Presidential Task Force in spearheading the Administration's regulatory relief efforts.

Billions of dollars in savings

As a result of these changes and initiatives, the Administration has made substantial progress in regulatory relief. The White House says that regulatory relief measures announced during the first 100 days of its program have the potential for a one-time savings of $15 to $18 billion and annual savings of $5.5 to $6 billion.

Since Jan. 20, more than 180 regulations have been withdrawn, modified or reviewed. Also, half the rules published daily in the *Federal Register* have been cut, with the number of pages down one-third.

Businesses, citizens and local governments have sent more than 2,500 suggestions and comments to the Task Force, citing specific regulations that need to be changed or eliminated. Most have or are being reviewed by the Office of Management and Budget. Already, several have been referred to appropriate agencies for revision, including the 30 announced by Vice President Bush last August.

One example of regulatory action taken by the Administration is the Secretary of Energy's withdrawal of proposed standby energy conservation measures involving a compressed work week, vehicle stickers and commuter and travel measures concerning working hours and transit subsidies. In addition, the Secretary proposed to withdraw some interim final measures, including two strongly opposed by NRA: odd-even day motor fuel purchases and mandatory temperature control restrictions.

According to Vice President Bush, the Task Force's actions are part of a continuing effort. "These are not, by a long shot, the last regulations to be targeted for review. They represent only the beginning of the process—a process we will vigorously pursue in the months and years ahead."

The vice president also announced that the Task Force will begin to look closely at regulatory relief for small businesses. "This critical sector of the economy deserves special attention," he said. "We have made a great effort to address the concerns of small businesses and have taken action on seven of the 10 regulations most mentioned by small businesses in response to my March letter."

Bush also said the Task Force, in conjunction with the Department of Commerce and the Small Business Administration, is launching a major effort to identify additional problems affecting small businesses and to act on those where regulatory relief can be of assistance.

With plans to continue both its cooperative relationship with the Task Force and its own efforts to change burdensome rules, NRA said in a statement to the vice president: "We encourage the Presidential Task Force on regulatory relief to examine the underlying causes of this regulatory explosion and to issue recommendations for sunset provisions which might lead us to less burdensome days for freer enterprise."

Exempt managers, meal credits and central kitchens top NRA's "hit list"

The NRA has developed its own "hit list" of federal regulations it would like the President's Task Force on regulatory relief to review. In the last six months, the Association has submitted several statements to the Task Force, attacking the following regulations:

- **Exempt managers.** Last year the Department of Labor abruptly decided that in a restaurant only one person, the top manager, is qualified for an exemption from the wage and hour laws. This arbitrary decision was made despite the department's own ruling which allows certain supervisors—particularly those being paid $250 or more weekly—to work with their hands in production and sales more than 50% of the time and still be exempt. Under this DOL regulation, it is reasonable to assume that a restaurant manager, assistant manager or division head (such as a chef) could qualify for the exemption and be paid a salary. NRA continues to protest this change.

- **Meal credits.** Minimum wage law provides that if a foodservice operator furnishes meals to his employees, he can take a meal credit against the cash wage to cover the cost of the food and preparation. The law attaches no conditions to the taking of this meal credit. However, DOL has adopted a new policy to "clarify" the meal credit in a way that changes the law completely. Through an enforcement "opinion," department bureaucrats now maintain that an employer cannot take a meal credit without 1) getting permission from his employees, and 2) keeping records of the cost of every meal eaten by each worker. Although a recent court case has cast doubt on these requirements, DOL, by and large, continues to enforce the credit in this arbitrary and illegal fashion.

- **Central kitchens.** A central kitchen is frequently used in a situation where two or more restaurants—located in close proximity—are owned by one company. Prepared entrees and bakery products produced in the kitchen are then sold directly to individual customers at the several locations. The U.S. Department of Agriculture has taken the position that if the central kitchen serves more than one restaurant, it must comply with USDA inspection, labeling and prior formulae approval requirements. NRA contends that central kitchens should be exempt from these requirements which 1) are unnecessary, 2) place an unreasonable paperwork and cost burden on restaurants and 3) increase government expenses and costs to the consuming public.

Talking taxes with

BARBER CONABLE

U.S. Rep. Barber Conable (R-NY) is the ranking Republican on the powerful House Committee on Ways and Means, which considers legislation on taxation, social security, welfare and international trade. The nine-term congressman from western New York was instrumental in shepherding President Reagan's Economic Recovery Tax Act through the House of Representatives.

Conable is considered one of the most intelligent and articulate members of the Ways and Means Committee. Only hours after President Reagan's historic tax cut victory on Aug. 4, NRA News spoke with the congressman.

NRA: Are you pleased with the bill that was passed?
Conable: Yes. I think that if I'd drawn the bill myself, I might have done it somewhat differently. But considering the number of people that had to participate and the number of institutions involved, I'd say that I can be much more satisfied with the results of this measure than most others that I finally vote for.

NRA: Will this tax bill turn the economy around, as President Reagan hopes it will?
Conable: At first, this will depend on more than the President's program. Millions of independent economic decisions made in the private sector, as well as the whole world economic environment, will also have an impact. But in the long run, the effects of what Reagan has done are likely to be better than any economic program we've had for a long time. This shift in direction will be a liberating force in the economy rather than a constricting or harassing force. So, I feel good about it. I'm optimistic. But I must say that the results are not going to be immediate.

NRA: What kind of shifts can we expect to see in the economy because of this bill, and when can we expect to see them?
Conable: Since everything is going to be relative to what would have happened if we hadn't had this type of

program, it's difficult to say when the advantages are going to begin and when they're going to become apparent. That will be affected by many other factors.

My impression is that the effect of what we are doing will mean greater investments, greater savings and a greater willingness to take risks in a society that will depend more on economic risk-taking than it has in a long time. And as those decisions are made and put together—with plans based on what will be a stable tax environment—you'll begin to get some pick-up over what would have happened to the economy. I think that we've maximized the chances for economic success with this bill.

NRA: Turning to the business provisions of the tax bill, are there measures that address small business?
Conable: The bill—which actually addresses small business more than large business—reduces the two bottom levels in the graduated corporate income tax for small business. Individual proprietorships and small businesses will benefit from our capital cost recovery system and investment tax credit as well. We also provide for some inventory adjustments, making it possible for small business to use LIFO (last in, first out) accounting inventory.

NRA: Will the reduction in the estate tax also help the small businessman?
Conable: Yes. Changes in the estate tax were generally viewed as being primarily for the benefit of farmers and small business.

Also, individual rate reductions are of considerable benefit to small businessmen because most take whatever profits they make in individual income, either through salaries or to some degree, dividends.

NRA: How about capital formation? That's a problem for restaurants, too.
Conable: That's another thing about small business. Since the accumulated earnings credit was raised to $250,000, it means that a growing small business will be able to accumulate more capital without having to assign a reason for it. This gives them more flexibility in their growth.

Also, any increase in the savings rate is advantageous to small business. Clearly, a small businessman who doesn't want to go into a Keogh retirement plan now is going to be in a position to at least have an Individual Retirement Account (IRA). It will give him the benefit of income tax deferral that previously was available to those on qualified pension plans, which many small businesses don't have.

NRA: Isn't replacing the useful life concept with the new capital cost recovery system an extraordinary change?
Conable: Yes, it is. It means that in a time of high capital costs, you don't have to keep your capital tied up nearly as long as you used to. The equipment that a restaurant owner would have had to write off over 20 or 25 years can now be written off in five years. That means that the apparent profit will be reduced, but the after-tax cash flow will be increased. And again, it provides more flexibility for business investment and operating purposes.

NRA: What about indexing?
Conable: That changes the whole mode of taxation. After three years of reducing the tax rates, we then index, beginning in 1985. This will have a tremendous impact on tax policy as well as fiscal policy. It will deny the government the fiscal dividend that comes from people moving into a higher bracket as a result of inflation. After 1985, as the cost of living goes up, so will the point at which Americans move into a higher bracket. When this happens, the government will be denied that extra $40 to $60 billion in tax revenue it now automatically receives as a result of bracket creep. Tax revenue will only increase in real terms through an affirmative tax increase or real economic growth.

NRA: Going beyond this tax bill, what other tax-related issues do you see coming up?
Conable: The next thing we've got to deal with is social security, also of interest to small businessmen. Unless we can stabilize that, payroll taxes will continue to go up.

NRA: Will something be done about it this year?
Conable: I think so. This is the first year of a tough President's four-year term, so I expect to see some leadership on this. This is also a non-congressional election year, so congress should be willing to pay more heed than it otherwise would. More importantly, the social security system is faced with a short-term financial crisis, which provides us with a legitimate reason for considering legislation. Therefore, we have the opportunity to deal with both short-term and long-term problems this year.

NRA: What do you favor?
Conable: Well, there are a lot of options, and I don't really care which one we adopt. There are three general categories. The first is that we've got to suppress the growth of benefits, particularly ones that are welfare-related. I'm not saying cut back; I'm saying suppress their growth for the future. Second, we can reallocate the payroll tax. Something like Medicare, for instance, would go into the general treasury so more money could be put into social security without raising the payroll tax. And third, you have to encourage people to work longer. That can be done by mandating an increase in the retirement age or providing an incentive to postpone retirment, by either eliminating the earned income credit or giving people an income tax credit equivalent to the social security benefits they'd draw if they quit working. Either way, you make the decision to retire tax neutral.

NRA: Looking ahead, do you think we'll see a balanced budget within the next four years?
Conable: While I think it's going to be difficult, it's possible. There will be more efforts to cut budgets. But I'm confident that Reagan will do it. He seems to be a man who does what he says he's going to do.

WASHINGTON REPORT

Tax cut bill: Its effect on the industry

NRA lobbied for the Economic Recovery Tax Act of 1981, which passed by congress with surprising speed. Some have argued that the bill represents the most decisive shift in tax and economic philosophy in 50 years.

How will provisions of the act affect the foodservice industry?

Tax reductions for individuals. Effective Oct. 1, 1981, individual income taxes were reduced by 5%. Since this applies only to the last quarter of 1981, the effective reduction for this year's taxes is 1.25%. Additional reductions of 10% in 1982 and 1983 will result in cumulative reductions of 10% in 1982 and 19% in 1983. Individual tax rates will be indexed so that the zero bracket amount and the personal exemption are adjusted to reflect annual increases in the consumer price index (CPI), beginning with the 1985 tax year. For example, if the CPI goes up 10% during the preceding year and the lowest tax bracket is $3,400 to $5,500, those figures would be increased to $3,740 and $6,050, respectively, to reflect the 10% increase in the CPI. Tax rates would remain the same.

Top tax rate reduced. As of Jan. 1, 1982, the top individual tax rate is reduced from 70% to 50%, and the distinction between personal service and investment income is removed.

Gains are reduced. The top tax rate for individuals on long-term capital gains is reduced from 28% to 20%. The corporate capital gains rate is unchanged. The one-year holding requirement for long-term capital gain or loss is unchanged. The maximum 20% rate on net capital gains will apply to *sales or exchanges occurring after June 8, 1981.*

Keogh plans. The deduction limit for employer contributions to a defined Keogh plan, a defined contribution plan by a Subchapter S corporation or to a simplified employee pension (SEP) is increased from $7,500 to $15,000. The includable compensation limit is increased from $100,000 to $200,000, but where annual compensation over $100,000 is taken into account, employer contributions cannot be less than 7.5% of any employee participant's compensation.

Individual Retirement Accounts (IRA). The amount an individual can deduct is increased from $1,500 (or 15% of compensation) to the lesser of $2,000 (or 100% of compensation). For spousal IRA's, the allowable deduction for contribution to an IRA is increased from $1,750 to $2,250. An employee who is an active participant in an employer-sponsored plan may now also establish an IRA and make deductible contributions to the employer's plan.

Estate and gift taxes. The Act eliminates all quantity limitations on gift and estate tax marital deductions. All qualifying transfers between spouses (including community property) pass free of gift and estate taxes. Husband and wife are now considered one economic unit, as they are for income taxes. Each spouse is to be treated as one-half owner of jointly held property regardless of which spouse paid for it. The annual gift tax exclusion is increased from $3,000 to $10,000, and the unified credit is gradually increased over a six-year period from $62,800 in 1982 to $192,800 in 1987. Gift and estate tax transfers up to $600,000 will be free of tax, starting in 1987.

Accelerated cost recovery system (ACRS). ACRS replaces the Asset Depreciation Range System (ADRS) for recouping capital outlays made after Dec. 31, 1980. "Useful life" is no longer a factor. Businesses can write-off an asset over three, five, 10 or 15 years. Assets are classified as follows:

3 year:
All machinery and equipment that had a depreciation range up to four years under old law; autos, light trucks; equipment used in R&D; certain pollution control equipment. A one-time 6% investment credit is allowed.

5 year:
All other machinery and equipment. A 10% investment credit applies.

10 year:
Public utility property with current depreciation range of 18.5 to 25 years; theme park property; railroad tank cars. A 10% investment credit applies.

15 year:
Buildings; public utility property with current depreciation range over 25 years. A 10% investment applies *only* on public property.

The allowable rate of depreciation for all classes of property, except real estate, increases for property placed in service in 1985 with further increases in the rate provided after 1985. For real property (other than low-income rental housing), the deductions approximate use of 175% declining balance for the early years and the straight-line method for later years. Taxpayers may elect to use straight-line depreciation in lieu of ACRS. Gains or losses are recognized upon disposition of recovery property. Small businesses may expense the cost of new or used personal property up to $5,000 per year in 1982 or 1983; $7,500, in 1984 and 1985; and $10,000, in years after 1985.

Used property. A $100,000 limit on used property eligible for the investment credit is increased to $125,000 for taxable years 1981 through 1984 and to $150,000 for subsequent years.

Rehabilitation credit. Buildings do not qualify for the investment credit as a general rule, but the credit was extended in 1978 to rehabilitation of nonresidential structures in use for at least 20 years. The new act revises and extends this provision to allow a 15% investment credit for rehabilitation expenses of structures at least 30 years old, 20% for structures at least 40 years old and 25% for certified historic structures. The law is also changed to provide that the tax basis of the building must be reduced by the amount of the tax credit. Transitional rules are provided for rehabilitation expenditures qualifying under prior law, but not under this act.

Targeted Jobs Tax Credit (TJTC). The TJTC is extended one year. See earlier *Washington Reports* for more details.

Accumulated earnings tax. The minimum accumulated earnings credit is increased to $250,000—except for service corporations in health, law, engineering, architecture, accounting, actuarial science, performing arts and consulting—effective in taxable years after 1981.

Subchapter S corporations. The number of permitted shareholders is increased from 15 to 25.

LIFO inventory. Businesses with average gross receipts of less than $2 million for three years, ending with the taxable year, may elect one inventory pool for purposes of dollar value LIFO inventory accounting. The act allows the income-increasing adjustment to be included in income rated over a three-year period, beginning with the year of LIFO election. This eliminates the need for filing an amended return upon electing LIFO. This section of the act is effective after December 31, 1981.

Corporate rate reductions. Under prior law, corporate rates were:

Taxable income	**Percent**
Less than $25,000	17
25,000 - 50,000	20
50,000 - 75,000	30
75,000 - 100,000	40
Over 100,000	46

The Act reduces corporate taxes on income in 1982 to 16% for less than $25,000 and 19% for $25,000 to $50,000. In 1983, the rate drops to 15% for less than $25,000 and to 18% for $25,000 to $50,000.

Visible NRA logo helps lobbying effort

There has been an overwhelming response to a request by NRA President Robert Bradford that the membership display the Association decal in their restaurants. His request went out to 1600 members, and within three days, the NRA received 478 letters ordering a total of 7,000 stickers. And we look forward to more requests.

In mid-August, Bradford sent a test letter to 1600 companies. He asked that later this year they display the 1982 membership decal in all their restaurant facilities—on the front door, on a window, near the cash register or wherever they think best.

And then Bradford explained the value of doing this. "Anytime a congressman, senator, or their staffers see the NRA logo it helps us in our lobbying efforts on the Hill. Sometimes they'll be familiar with the NRA membership decal displayed in Washington. Seeing it back home makes a connection for them between their constituents and all of us in the Association. Suddenly, we have a warmer greeting when we call the Hill staff or when we testify in committee for something you need. The same is true when we deal with the many federal regulatory agencies."

This message made a lot of sense to a lot of people. Tom Cooney of the A & W Motor Restaurants said, "I simply never looked at the value of the NRA decal as described in your letter of Aug. 12, 1981. Thank you for calling this to my attention." And Sonny Look of Look's Sir-Loin House, Inc. thought it was such a good idea that he said, "I will ask all NRA members in my area to do the same."

In his letter, Bradford explained that visibility is the number one requirement for increasing the grassroots political effectiveness of the NRA. Use of the NRA decal is an excellent way to achieve this visibility.

The order blank will allow you to order as many NRA decals as you need. There is no cost to you...only a benefit for displaying it.

Please send ________ NRA membership decals to the address below:

Name ________________________________

Company ________________________________

Address ________________________________

City ______________ **State** ____________ **Zip** ____________

Mail to:

NRA Membership Department

311 First St., N.W.

Washington, D.C. 20001

WASHINGTON REPORT

Decontrol of natural gas

NRA is carefully monitoring the debate concerning the removal of price controls on natural gas. Lifting of controls at the wrong moment could double the gas bills paid by restaurant operators.

NRA favors gradual decontrol of natural gas prices if supplies continue to be plentiful. However, the association would favor lifting the controls if supplies become limited, believing that free market forces are best at allocating scarce resources.

Under current law, gas controls will be gradually phased out by 1985. But pressure is mounting from the White House and producer groups to accelerate that schedule. Proponents of decontrol argue that the higher prices that would most likely result from deregulation would mean higher profits. And higher profits, they say, would encourage exploration and production of this valuable resource.

The Reagan Administration favors immediate decontrol but is afraid of the political backlash. Experts say that the price of natural gas would double or even triple if decontrol were ended now, and natural gas producer revenues would be raised by an estimated $40 billion.

According to a 1980 *Restaurant Business Magazine*/Natural Gas Association survey, 66% of those responding said they rely on natural gas for cooking purposes; 64% use natural gas as the main fuel to heat hot water; and 60% depend on natural gas to heat both kitchen and dining areas.

National Gas Association (NGA) studies also indicate that immediate and total gas price decontrol would, on the average, increase the cooking costs of a commercial gas-fired kitchen from $7,200 per year to $14,400 per year. In addition, the total cost to consumers of immediate price decontrol is estimated at $60 billion.

Furthermore, NGA predicts that the huge cost of decontrolled gas would decrease total gas demand by about 10% and possibly cause a switch to oil, resulting in increased oil imports by some 800,000 barrels a day.

Though President Reagan would like to accelerate the decontrol process, it is not a decision he can make by himself. Any change in the Natural Gas Policy Act of 1978, which calls for phased decontrol of natural gas wellhead prices through 1985, must be approved by congress. With the stakes so high, many congressmen have vowed to fight any gas decontrol legislation, and it is doubtful any action will be taken this year.

Senate Energy Committee Chairman James A. McClure (R-ID), who supports eventual decontrol, has said he would rather not take up gas pricing until 1982 at the earliest. And according to John D. Dingell (D-MI), chairman of the House of Energy and Commerce Committee and an opponent of decontrol, the 1978 gradual decontrol law he helped write is working well.

Political education to boost awareness, clout of foodservice industry

Increased efforts to boost the political awareness of restaurateurs and the political clout of the foodservice industry—a top, continuing priority of the NRA Board—has generated the formation of a Political Education Committee (PEC), chaired by NRA Director Michael O'Neal (The Ginger Man, New York City).

As its first challenge, the group is preparing a plan to tap the tremendous potential of industry members. "We're working on a program that will cover all aspects of political involvement and be appropriate for all NRA members," O'Neal said. "Our goal is to raise our members' political consciousness and get them more involved and concerned about government.

"At the very least," he added, "we want them to appreciate the importance of the political process."

Bishop and Bryant, a political consulting firm, has been retained by the NRA to develop a comprehensive plan for committee activities. Following an assessment of members' political needs and wants, the firm is considering several programs as part of its action plan. Some of these include:

- Regular identification of issues affecting the foodservice industry and requiring member support.
- Seminars explaining the elements of the political process.
- Skills training for testifying or making public presentations.
- How-to kits providing step-by-step instructions for appropriate political action.
- Sample speeches and letters.
- Instructional workshops on election campaign techniques.
- Assorted materials outlining the organization of a grassroots network.

For additional information on NRA's Political Education Committee, contact the NRA's Department of Action Programs, 311 First St. N.W., Washington, D.C. 20001—202/638-6100.

Michael O'Neal

Human Nutrition Department dismantled

A reorganization of the U.S. Department of Agriculture has resulted in the dismantling of the Human Nutrition Center, which published the controversial "Dietary Guidelines for Americans" last year.

Heavy opposition was voiced by the meat and egg industries and to a somewhat lesser degree by the dairy industry. Even before last year's presidential election, meat industry lobbyists had tried to get congress to cut off funding for publication and distribution of the project.

The guidelines, which were issued in collaboration with the Department of Health and Human Services, include suggestions to 1) eat more lean meat, fish and poultry, 2) eat a moderate amount of eggs and organ meats, 3) avoid too much sugar and sodium and 4) drink alcohol in moderation.

With the changes at USDA, the responsibilities of the Human Nutrition Center will now be redistributed to various other agencies. An administrative action signed by Secretary John Block establishes a new agency, the Human Nutrition Information Service, under the jurisdiction of the assistant secretary for Food and Consumer Services. Human nutrition research will remain a responsibility of the director of Science and Education.

According to Mary Jarrett, assistant secretary for Food and Consumer Services, the dietary guidelines booklet will not be reissued at public expense once the current supply is exhausted.

The Human Nutrition Center was created in 1977 in response to legislation that instructed the secretary of Agriculture to establish food and nutrition research as a separate and distinct mission of the department. It was the first time that the department's diverse efforts in nutrition research and inflation were coordinated under one administration.

Insiders have said the new Human Nutrition Information Center will "de-emphasize the USDA's past role in nutrition." One USDA official, who asked not to be named, told *NRA News* that "there will be a pulling back of nutritional activities by the department; we'll be less active in this area and much more producer oriented."

He added that the "egg and meat people were very upset by the bland diet recommended in the guidelines. We took a tremendous amount of flack over these." He did say, however, that the Department of Health and Human Services is still committed to the guidelines.

Reorganization in other areas in the USDA also continues. The Food Safety and Quality Service—the agency that determines, among other things, how much meat a restaurant can buy from a retail outlet—has been renamed the Food Safety and Inspection Service and moved from the assistant secretary for Marketing and Transportation Services. The change was made since FSQS's activities have been largely regulatory, Secretary Block said.

Also, as part of the realignment, the title of assistant secretary for Marketing and Transportation Services will be changed to assistant secretary for Marketing and Inspection Services.

Sen. Arlen Specter (R-PA) addressed association leaders at the NRA PAC breakfast meeting held during NRA's September Board Meeting. Highlights of Specter's talk will appear in the November issue of the *NRA News*.

THE LAW

NRA saves industry half billion dollars on uniform maintenance

NRA has won some important battles for the membership with the Department of Labor, in Congress and in court. Favorable rulings, legislation and decisions have been won on uniform maintenance, Targeted Jobs Tax Credit, meal credits and payroll tax on meals.

DOL accepts NRA arguments on uniform maintenance

NRA has won an important ruling from the Department of Labor (DOL) concerning DOL's uniform maintenance policy that should save the foodservice industry millions of dollars.

The Wage and Hour Division of the DOL announced on July 31, 1981, that employers no longer have to reimburse employees for the cost of laundering "wash and wear" uniforms. NRA had sought this change in DOL's uniform maintenance policy since 1978.

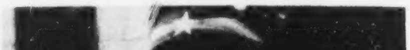
Current DOL rules require that an employer reimburse minimum wage employees for the cost of having their uniforms maintained if they launder them themselves. For compliance purposes, DOL has said a payment of $3.35 a week or 67¢ a day will satisfy this requirement.

NRA argued that in cases where an employee has a "wash and wear" uniform, which can be washed with personal garments, the cost of such maintenance is so minimal as to be unworthy of the law. On July 31, DOL agreed that the NRA was right.

In making the decision, the DOL said the following:

"The issue of whether employees incur measurable costs when maintaining wash and wear' uniforms has been under review for some time. We are aware that most uniforms of a 'wash and wear' material require only washing and tumble or drip drying and may be laundered with other personal garments.

"On the other hand, some uniforms of a 'wash and wear' material require daily special laundering due to heavy soiling or usage. Other uniforms require ironing, dry cleaning or patching and repairs due to the nature of the work. We have concluded that for those uniforms of 'wash and wear' material, requiring only washing and tumble or drip drying which may be laundered with other personal garments, a uniform reimbursement will not be required. However, for those uniforms which require daily or other than routine laundering with personal garments, our uniform maintenance reimbursement policy remains unchanged."



NRA expects that this long overdue ruling by the DOL will result in significant savings for foodservice employers, especially since most uniforms sold today are made of "wash and wear" material.

Targeted Jobs Tax Credit extended

Congress has approved, as part of the Economic Recovery Tax Act of 1981, a one-year extension on the Targeted Jobs Tax Credit (TJTC). The Targeted Jobs program provides tax incentives to employers who hire people in various target groups. It would have expired at the end of 1981 without congressional action.

NRA and foodservice employers led the fight to preserve the credit against heavy opposition in both houses. Opposition also came from the Reagan Administration, which felt that the program was not successful in expanding employment.

NRA argued that 1) many new jobs were created because of the credit; 2) the level of employer participation continues to climb steadily; and 3) smaller operators are now beginning to utilize the credit and should be allowed to continue to expand employment. The NRA position drew support from many members of Congress, including Sen. John Heinz (R-PA) and Sen. Pete Dominici (R-NM), who led the extension fight in the Senate; and Reps. Rangel (D-NY), Downey (D-NY), Bailey (D-PA) and Applegate (D-OH), who introduced bills in the House.

Ultimately, the administration reversed its position and supported extension, and both the House and

Senate included TJTC extension in their respective tax-cut bills. After the House-Senate conference on the tax cut, a final TJTC measure emerged, making several significant changes to the credit that now exists.

The program is extended until Dec. 31, 1982, and two new targeted groups have been added: eligible work incentive employees (primarily recipients of aid to families with dependent children) and involuntarily terminated CETA employees. But any cooperative education students hired must be members of an economically disadvantaged family to enable the employer to take the credit, and certification of an individual as a member of a targeted group must be completed or at least requested in writing before the employee starts work.

These provisions were necessary compromises to influential congressmen who felt that not all cooperative education students deserve the extra help provided by the program.

But employers receive several benefits under the new TJTC. In addition to expanding coverage to new classes, congress dropped the limitation that first-year wages on which credit is claimed could not exceed 30% of total wages paid during the calendar year. This change should be a special boon to very small operators, who found that hiring only one or two targeted employees could raise them above the limit.

All economically disadvantaged Viet Nam veterans, regardless of age, are now a targeted group. And state employment services are specifically charged with the administration of the program.

Generally, these changes take effect after Dec. 31, 1981, except for the certification provisions which are already effective.

Federal Court upholds NRA position on meal credit

In June, the U.S. District Court for the Southern District of Alabama, in the case of *Morrison, Inc. vs. Ray Marshall, etc.*, has affirmed the position NRA has long held on the taking of meal credits.

The U.S. Labor Department, following its regulation on meal credits, has established four tests that must be met before a meal credit can be taken:

1. The employee's acceptance of the meal credit system must be voluntary.
2. The employer must inform the employee of the amount to be taken as a meal credit and that amount must be acceptable to the employee.
3. Acceptance of the meal credit cannot be made a condition of employment either at the time of hiring or at any time during employment. The employee, from time to time, must be given the opportunity to option in or option out of the system.
4. The employer must retain records of all meals eaten by each employee, including who ate the meal and its actual value.

The *Morrison* decision changes these rules to the benefit of restaurateurs. An employee's agreement that his wages will include a meal credit still must be voluntary and uncoerced. But once the employee agrees, he has accepted the meals within the meaning of the law and his acceptance is not required on a meal-by-meal basis.

When an employee has agreed that part of his wages will consist of meals and the meals are made available to him, according to the Alabama court, the decision of how much and whether the meals will be actually eaten or not is properly left with the employee.

DOL's requirement that meals furnished must be consumed is illegal.

While the decision is not completely clear, the court indicated that it was no longer necessary to keep records of employee consumption of meals on an individual basis, but rather, such records may be kept on an aggregate value basis.

The decision is encouraging. NRA is now working with the Department of Labor to win acceptance of most of the *Morrison* rationale at the national level.

No payroll tax on meals

In a decision of major importance to the foodservice industry, the U.S. Supreme Court has affirmed another NRA position. It ruled that IRS is *wrong* in holding that meals and lodging provided to employees for the employer's convenience are subject to FICA and FUTA taxes.

The decision, *Rowan Companies, Inc. vs. U.S.*, came on June 8 and is much more far-reaching in scope than a similar 1979 U.S. Court of Claims decision involving the Hotel Conquistador, which the IRS has refused to follow for two years.

In the June 8 decision, the Supreme Court noted that under Section 119 of the Tax Code, an employee may exclude from gross income the value of meals and lodging furnished to him by his employer under certain conditions. The employer must have furnished both the meals and lodging for his own convenience, furnished the meals on his business premises and required the employee to accept the lodging on the business premises as a condition of employment.

The court held that FICA, FUTA and income taxes do not apply to meals provided by foodservice employers to their employees on the business premises immediately before, during or after working hours.

The NRA estimates that as a result of this decision *restaurant operators will save $103 million per year in FICA and FUTA taxes.* Restaurant employees will save $97 million per year in FICA taxes they must now pay on meals furnished to them.

IRS is shortly expected to issue instructions for employers on claiming refunds, and NRA will provide information when these instructions are issued. In answer to one NRA inquiry, IRS has already stated that even the value of meals on which a meal credit is taken for purposes of satisfying minimum wage obligations is nontaxable under *Rowan.* And it is clear that foodservice operators may cease making any future FICA and FUTA tax payments on the value of meals served to employees.

THE BOARD ROOM

Chairman Conti takes NRA message nationwide

The man at the head of the table in the NRA Board Room is Chairman Walter Conti, president of Conti Cross Keys Inn, Doylestown, Pa. With only three months of his term behind him, NRA's top officer has exhibited a flair for imaginative leadership since the moment of his election in Chicago last May.

It was Conti's idea that the centerpiece attraction of the NRA Grand Banquet (George Burns aside for the moment) would be a surprise parade of employees from all segments of the hospitality industry. As 1,100 guests in the Grand Ballroom of the Hyatt Regency sprang to their feet applauding, Conti was sending a message: "We care about our employees—they're our tomorrow!"

In addition to coordinating the work of 17 NRA committees as chairman of the board, Conti is the foodservice industry's major spokesman during his term of office. His speaking agenda looks like the desk calendar of an NFL football coach—few blank spaces.

To date, Conti's chairmanship has included a range of activities, from a joint news conference in Washington with the National Institute of Mental Health to a series of appearances at state association meetings.

On Aug. 14, in Hyde Park, N.Y., Conti told 63 graduates of the Culinary Institute of America about the tremendous opportunity in foodservice.

"You must have pride in yourself, pride in what you do and a sense of creativity," he said. "Be dedicated. Understand your fellow workers. And be a leader."

The commencement featured an elegant banquet prepared by the graduates. Over 500 people, including parents and friends, were served champagne and a gourmet meal. Said the NRA chairman, "This is a wonderful profession, and I welcome you to it. We need you."

Chairman Conti inspires and is inspired by 63 graduates of the Culinary Institute of America, Hyde Park, N.Y. "This class is wonderful," Conti later said. "Every face is filled with spirit, hope and expectation. The goosebumps are still on my back"

Within hours, Conti was carrying the NRA banner to Atlanta to help cut the ribbon at the Southeastern National Hospitality and Foodservice Exposition of the Georgia Hospitality and Travel Association. There he served on a panel exploring the future of international tourism with Edward R. Book, chairman of the Travel Industry Association of America and John Brooke, president of the American Hotel and Motel Association.

"Right now 25¢ of every dollar spent by foreign visitors comes to the restaurant industry," Conti said. "Through innovation and ingenuity we can and should cultivate this market."

From Atlanta, Conti and his wife, Pat, were off to Los Angeles for the 75th anniversary celebration of the California Restaurant Association at the Pacific Coast Regional Restaurant Hotel-Motel Exposition.

There he was guest of honor at a press reception and introduced keynote speaker Congressman Guy Vander Jagt (R-MI), chairman of the Republican Congressional Committee and a longtime friend of the foodservice industry.

In both Atlanta and Los Angeles, Conti was also able to visit with Vic Impeciato (Georgia), and with NRA Board members CRA President James Collins, Ted Balestreri, Stanton Elliott and Peter Lee (California).

Following a successful September Board meeting in Hershey, Pa., Conti visited New Jersey, Connecticut, New Orleans (for the MUFSO convention), Vermont, Massachusetts and Michigan.

His October schedule includes the National Association of Food Equipment Manufacturers Awards Banquet in Atlanta; the Food Editors' Conference in Chicago; the ANUGA show in Cologne, West Germany, Oct. 10-14; a Marine Corps management workshop in San Francisco; a talk before the Delaware Restaurant Association in Wilmington; the Foodservice Editors Conference in Williamsburg, Va.; and a Massachusetts Restaurant Association meeting in Boston.

Newspaper honor for Impeciato

Georgia NRA Board member Victor Impeciato has been honored by *The Atlanta Journal* newspaper for his contributions to its "Letters to the Editor" column. Impeciato is one of only 250 Atlantans chosen by the paper to participate in a public issues forum and dinner on Oct. 14.

The governor of Georgia, mayor of Atlanta, city council officials and other civic leaders will discuss Atlanta's relationships with that city's five surrounding counties and the state government.

Impeciato, who spent 14 years as a teacher-coach, principal and military academy superintendent before opening Vittorio's in Atlanta in 1962, holds master's degrees from Cornell and Alfred Universities. He is past president of the Atlanta Restaurant Association and the Georgia Restaurant Association and has been honored several times as restaurateur of the year in his region and state.

As chairman of the Advisory Board of the Hotel, Restaurant and Travel School of Georgia State University, Impeciato keeps a hand in education issues. He recently put his support—and that of the Georgia hospitality industry—behind an effort to create a four-year hotel, restaurant and travel program at Georgia State University.

Said Impeciato, "Second only to agriculture in Georgia, the restaurant-hotel-travel industry needs this collegiate program. There has been an acute shortage of qualified people to serve our businesses throughout the state."

Chefs appear on television

The foodservice industry is receiving some positive coverage on national television these days. Mike Douglas gave a full week of coverage to some of the best restaurants and chefs in America the week of Aug. 31.

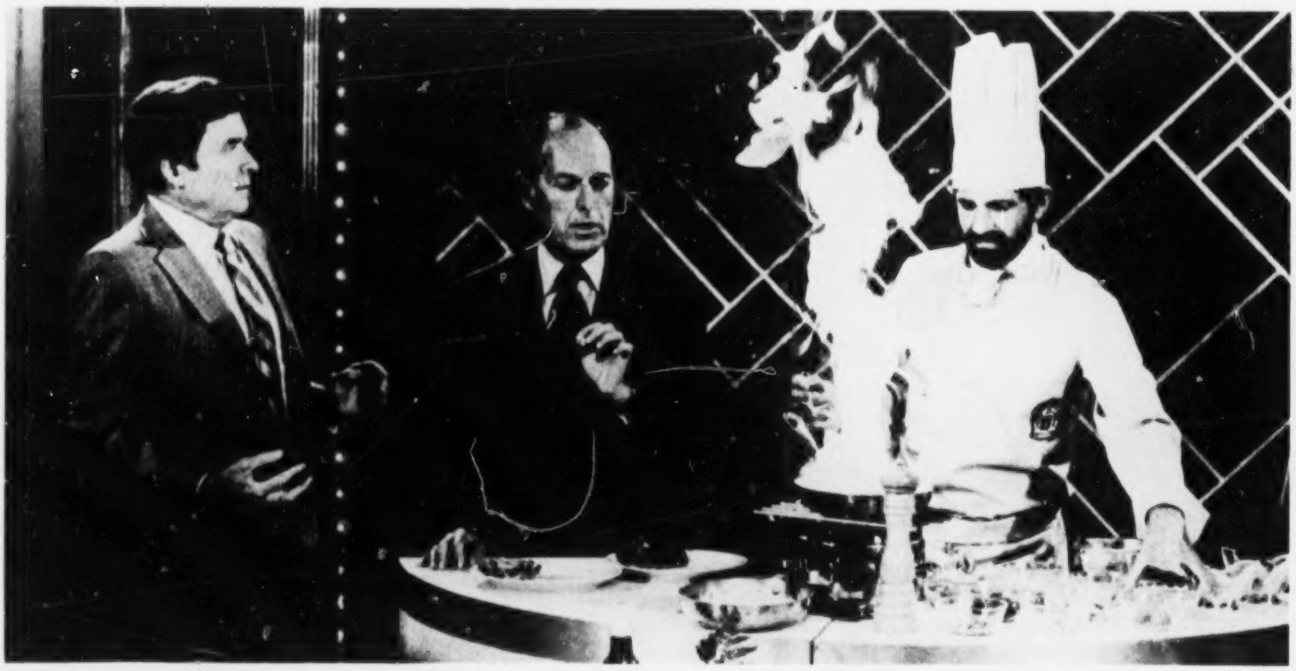
According to producers of the Mike Douglas Show, this week-long special marks only the beginning of an ongoing series highlighting the top restaurants in the world.

Stuart Levin, owner of the Top of the Park restaurant in New York City, served as host of the five shows, each of which featured a different chef preparing a recipe for which his restaurant is famous.

NRA Director and Communications Committee Chairman Michael Grisanti's restaurant, Casa Grisanti of Louisville, Ky., was featured with chef Domenic Serratore preparing capellini primavera. Recipes of the dish—which includes broccoli and cauliflower flowerets, zucchini, asparagus, mushrooms, carrots, tomatoes, pine nuts, cream, clarified butter, Parmesan cheese, salt, pepper and a pound of capellini—was one of several made available to Douglas show viewers.

Other chefs in the series were Louis Evans from the Caribbean Room, New Orleans, Pontchartrain Hotel; George Llorens from New York's Top of the Park; Ken Benson from Oakley's American Restaurant, White Plains, N.Y.; and Jim Dodge of Fournou's Ovens, San Francisco's Stanford Court Hotel.

The Board Room is the place in your monthly *NRA News* to keep up with the 157 members of the NRA Board Family. There are three officers, 51 voting members of the Board, two Associate Directors with voting privileges, six International Directors, 25 Past Presidents, 34 Honorary Directors and 36 Directors Emeritus. While news of every director won't appear in each issue, this space will highlight significant travels and achievements of Board Family members and outline the work of the various NRA committees.



Left to right, Mike Douglas is joined by New York Restaurant Association Vice President Stuart Levin and Casa Grisanti Chef Domenic Serratore. The recipe under preparation: capellini primavera.

STATE DEPARTMENT

The National Restaurant Association, in close cooperation with the Texas Restaurant Association (TRA) and the Valley Restaurant Association, successfully launched its pilot grassroots lobbying campaign in McAllen, Tex., during late August.

Approximately 20 restaurants and suppliers met with Rep. E. (Kika) de la Garza (D-TX), the influential chairman of the House Agriculture Committee, to discuss the potentially costly Farm Bill scheduled for floor debate in September. As a result of the session—an important new part of NRA's overall government relations efforts—NRA was able to demonstrate to members of congress that restaurant operators "back home" are concerned with events taking place in Washington.

According to NRA President Robert E. Bradford, when foodservice operators meet with their congressmen, it's different than when NRA goes up on Capitol Hill. "The association is speaking on behalf of the industry, while restaurateurs are discussing their livelihood. It's a much more personal and direct appeal.

"This grassroots approach is lobbying at its simplest and finest," he added.

Valuable assistance was provided by TRA Executive Vice President W.H. "Buckshot" Price and Valley Restaurant Association President Gary DellaCroce in setting up the meeting with industry members and de la Garza. Also in preparation, NRA lobbyist Sheila Bamburger conducted a briefing to update participants.

Following this informational session, the group exchanged ideas with the Texas congressman for two hours. "Anytime an elected official and his constituents can get together 'eyeball-to-eyeball' the result is better understanding and better government," Price said. "Due to the efforts of Gary (DellaCroce) and the Valley Restaurant Association, we had an extremely productive meeting with our good friend Kika."

With this first successful session on the record, NRA will be looking for other opportunities to meet with members of congress in their home districts.

"This grassroots lobbying project is a perfect example of what can be accomplished when NRA works with the state restaurant associations," said Jim Rogers, director of State Relations. "Both the state executives and members will play a major role in the productivity and outcome of future meetings."

He added that NRA is very optimistic about the benefits of this joint effort. "It's often the folks back home who determine what happens in the nation's capital."

You're proud of your state, and *NRA News* wants to know about it. Every month the "State Department" will be highlighting the activities of certain states. Please alert NRA's State Relations Department to any interesting or unusual events occurring in your area. We'll look forward to hearing from you soon.

Rep. Kika de la Garza (bottom row, second seat from left) met with restaurateurs and suppliers as part of NRA's new grassroots lobbying campaign, set up in cooperation with the Texas and Valley Restaurant Associations. (Also pictured above are VRA President Gary DellaCroce, top row sixth from left, and TRA Executive Vice President Buckshot Price, middle row, third from left.)

FOODSERVICE TRENDS

Consumer awareness of diet and health important to restaurateurs

Consumers have become increasingly aware of the relationship between diet and health in recent years, and they have begun to realize that the food they eat away from home is important to their overall diet. This trend is important to the restaurant industry because a considerable proportion of meals are eaten away from home and the food served in restaurants represents an important part of America's overall diet. Restaurateurs have an opportunity to increase business and enhance the industry's image by identifying and satisfying the needs of today's nutrition-conscious customers. (For ideas on how to select merchandise and serve more "healthful" foods, see the "Trendsetter" section of this month's *NRA News*.)

Research studies conducted during the past several years by the National Restaurant Association, independent research organizations and the government indicate that consumers are primarily interested in the cholesterol, sugar and salt content of the food they eat and in how the food is prepared. Eating a well balanced diet is also a priority among consumers. Results from a Roper survey conducted in August, 1980, revealed that over the past several years consumers have become more concerned with eating a balanced diet and with the overall nutritional value of the food they eat. Although consumers are still concerned with calorie content, and preservatives and additives food may contain, the accompanying chart shows their concern has been declining over the past several years.

Menu selections reflect consumer interest in diet

Restaurant operators have noted that diners are changing the type of menu items they order, and this may reflect their increasing awareness that food eaten away from home is important to diet. Results from a recent Gallup survey, reported by Leonard Wood at the March meeting of NRA's Market Research Group, revealed that operators had noticed that patrons were ordering more salads, seafood and fresh vegetables, but less fried foods.

Restaurants & Institutions' "1981 Menu Census," which polls restaurateurs on the type and popularity of menu items they offer and whether or not each item is a "good seller," indicates that consumers are showing a greater interest in eating more "healthful" food. Among the items ranked as "good sellers" were house salads and dressings, salad bars, fresh fruits and fresh vegetables. The survey also revealed that zucchini and onion rings are becoming increasingly popular on menus and are challenging

How important are selected factors in consumption of foods

	Very important		Fairly important		Not too important		Not at all important	
	Aug. '80	Aug. '76	Aug. '80	Aug. '76	Aug. '80	Aug. '76	Aug. '80	Aug. '76
How well balanced daily diet is	53%	61%	36%	30%	9%	7%	1%	2%
Food's nutritional value	54%	61%	35%	27%	9%	8%	2%	2%
Food's calorie content	34%	39%	31%	29%	25%	20%	9%	11%
Whether or not food has perservatives in it	25%	33%	29%	28%	31%	23%	13%	14%
Whether food has artificial coloring added	21%	29%	26%	24%	35%	25%	18%	19%

Source: Roper Reports, August 1980

french fries, the top-ranking meal accompaniment.

The type of menu items certain segments of the population order also suggests that many consumers may be looking for more "healthful" food. The results of a new NRA/CREST study on the selection of menu items by demographic characteristics found that women and persons from upper income households tend to order food that is perceived as more "healthful" such as salads, fish or seafood, chicken and diet beverages more than men. The study also showed that males tend to order foods such as steak, roast beef and french fries more than females.

Restaurants & Institutions' "1980 National Consumer Survey on Food and Foodservice" also supports our analysis that consumers are ordering more "healthful" food. When consumers were asked what menu items they were ordering more of, the same of, or less of than a year ago, 41% of the respondents indicated they were ordering more salad, 29% reported they were ordering more seafood and 23% said they were ordering more fresh vegetables. On the other hand, 45% of the respondents reported they were ordering less steak and roast beef and almost 34% said they were ordering fewer soft drinks and french fries.

Both the NRA/CREST study and the *Restaurants & Institutions* survey show that women and persons from upper-income households tend to order more "healthful" types of foods at restaurants. In addition, results from a Roper poll conducted in January, 1979, found that females and those in the high-income category feel they are well informed on nutrition, while males and those in the lower-income category feel they need to know a lot more. (See January, 1980, *Foodservice Trends.*) This informational factor could account for the large percentage of female and upper-income restaurant patrons ordering "healthful" type foods such as salads, fish or seafood and chicken more often than other segments of the population.

Diners indicate preferences

Consumers are interested in the food they eat and their concerns apply to food eaten away from home. This is reflected in the type of menu items they have indicated they would be ordering more of such as seafood, chicken and fresh vegetables and the items they would be ordering less of such as steak, roast beef and french fries. Restaurant patrons also would like to see some changes in menus.

As the accompanying chart illustrates, the results from a National Restaurant Association consumer attitude and behavior study entitled *Consumer Reactions Toward Restaurant Practices and Responsibilities* indicate that consumers want information on fresh versus frozen menu items, portion size and how food is prepared, for example, roasting or broiling versus fried. In addition, Roper organization surveys report that the public is still concerned with the nutritional value of the food they eat, the calorie content and the use of food additives.

Frozen foods: For what main courses should storage method be labeled?

Item	Percent of respondents who want to know if item has been frozen
All main courses	40%
Fish/seafood	40%
Meals	34%
Chicken	28%
Chopped/ground meats	24%

Source: *Consumer Reactions Toward Resaurant Practices/Responsibilities,* National Restaurant Association, November 1977.

Dieters or calorie conscious consumers are important to the restaurant industry. However, many of these persons feel that eating out is difficult, according to the results of the *Restaurants & Institutions* survey. Nearly eight out of 10 found it difficult or very difficult to eat away from home because they could not get the foods their diets required at restaurants. Sixty-one percent of the dieters indicated they would order low calorie food more frequently and 47% said they would order low sugar food more frequently if such food and information on these items were included on the menus in places where they eat. Restaurant operators have an opportunity to attract this market segment by adding a special diet section to their regular menu or offering more low-calorie foods and beverages.

Health-conscious market is potentially profitable

The health conscious consumer provides restaurateurs with a viable and affluent market. As mentioned earlier, research studies have shown that households in the high income category and upscale in education and occupation feel they are well informed on nutrition and they want a more balanced diet whether they eat at home or away from home. They tend to eat out more often than households with lower incomes and can be some of the best restaurant patrons. NRA's *Meal Consumption Survey* found that respondents from households earning over $25,000 eat out more frequently than respondents from households earning less than $10,000. (See July, 1981, *Foodservice Trends.*) In addition, upper income households have more discretionary income to spend on eating out while lower income households have considerably less. By offering more healthful foods, including more information on menus and by targeting advertising dollars toward this segment, restaurant operators may see increased patronage from these important demographic groups.

Demographics affect item selection, reveals NRA/CREST study

Highlights

- Men are more likely to order hamburgers, cheeseburgers and roast beef sandwiches while women select more fish and chicken sandwiches.
- Selection of entree items varies significantly by age group. Those over 50 prefer to order steak, roast beef, fish or seafood and veal, while those age 25 to 34 tend to order ethnic foods such as pizza and Mexican dishes.
- Females are more diet conscious and order more than their share of main dish salads.
- Ice cream is especially popular with children under 12.
- Men are more likely to order breakfast menu items such as eggs and sausage or bacon than females.
- Coffee, shakes or malts, regular soft drinks and beer are the most popular beverages among males, while tea, diet soft drinks and wine are most popular among females.

A special CREST menu item analysis, performed for the National Restaurant Association, reveals the extent to which menu item selection varies by customer demographics. This new NRA/CREST report responds to many inquiries about the demographics of menu selections. The analysis, based on customer behavior from December, 1980, through May, 1981, details selection of menu items by such characteristics as age, sex, family size, household income and occupation.

The objective of this NRA/CREST study is to broaden our understanding of who is choosing specific menu items in an effort to assist restaurant operators as they plan menu item changes to attract certain market segments. The study will help restaurateurs determine what menu items should be included on special menus for children and senior citizens. In addition, it can help when planning advertising or promotional campaigns.

NRA analysis reveals that definite differences in the selection of menu items by demographics groups occur, especially between males and females and among the different age groups. For example, females tend to order more "healthful" foods such as salads, fish or seafood and chicken. Males, on the other hand, tend to order menu items such as french fries and beef. In addition, the difference in menu items ordered by age group is most pronounced when entree menu items are analyzed. Those over 50 years old order steak, roast beef, fish or seafood and veal, while those age 25 to 34 order ethnic items such as pizza and Mexican food on a disproportionately high number of occasions.

Percent of CREST family population

By Sex

Men	49.2%
Women	50.8%

By Age

Under 6	7.8%	25 to 34	16.9%
6 to 12	13.6%	35 to 49	18.4%
13 to 17	8.6%	50 to 64	16.0%
18 to 24	9.6%	Over 64	9.2%

The following analysis concentrates on menu preferences by age and sex. For a better understanding of statements about the likelihood of ordering specific menu items by men, women and certain age groups, these tendencies should be viewed relative to the representation of the groups in the CREST family population as shown in the accompanying table. For example, men represent 49% of the population but are responsible for only 42% of chicken sandwich orders which means that they are "light users" of this menu item. On the other hand, women represent 51% of the population but consume 62% of the main dish salads, making them "heavy users" of the item.

Females order fish and chicken sandwiches

Men are more likely to order hamburgers, cheeseburgers and roast beef sandwiches, while females tend to select fish and chicken sandwiches on a disproportionately high number of occasions. Males accounted for 53% of the hamburger orders versus 47% for females. On the other hand, females are responsible for 58% of the chicken sandwich selections compared to only 42% for men.

Differences in the types of sandwiches selected may be due to several factors. First, more men than women eat out for lunch, and hamburgers or roast beef sandwiches are common mid-day selections. Second, women tend to be more diet-conscious than men, contributing to their preference for fish and chicken sandwiches. Third, women are likely to seek more variety and may have a greater tendency to try such recent menu additions as chicken and fish sandwiches.

Patrons age 25 to 34 and age 35 to 49 are heavy users of hamburgers, ordering more hamburgers than any other age groups and accounting for 18.6% and 19.6% respectively of the occasions on which this menu item was ordered. In addition, those age 25 to 34 prefer cheeseburgers and fish and chicken sandwiches. Overall, sandwiches are popular with those 25 to 49 who make up a large proportion of the workforce and are more likely to eat out for lunch.

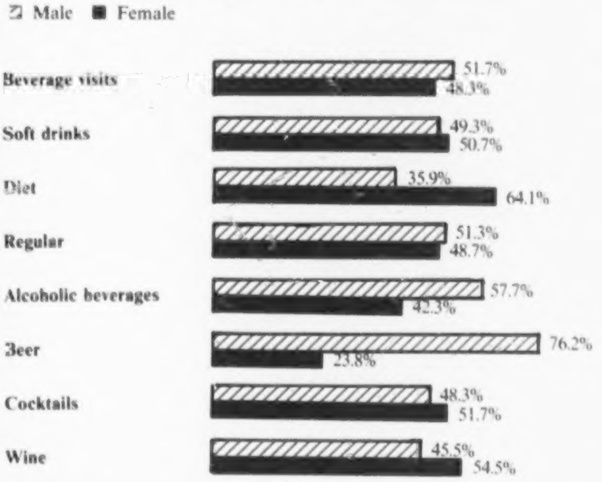
Hamburgers and cheeseburgers are most popular among children under six who select these sandwiches more frequently than other items. Children are responsible for 9.9% of all hamburger orders and 8.6% of the cheeseburgers consumed. These choices were also the most popular among children age six to 12.

Patrons from households of three or four members tend to order hamburgers and cheeseburgers while those from two person families order a disproportionate number of chicken and fish sandwiches. Sandwiches are also more likely to be ordered by patrons from households with an income of $30,000 and a white collar occupation.

Ordering of entrees varies by age group

Selection of entrees varies significantly by age group. Those 50 to 64, representing 16% of the population, prefer roast beef, steak, fish or seafood and veal entrees. These account for almost 30% of the occasions on which steak and roast beef were ordered, 26% for fish or seafood and 32% of the occasions on which veal was ordered. These menu items are also most popular with those age 65 and over and should be considered by restaurateurs wanting to attract older customers.

Percent of occasions beverage items were ordered by males and females

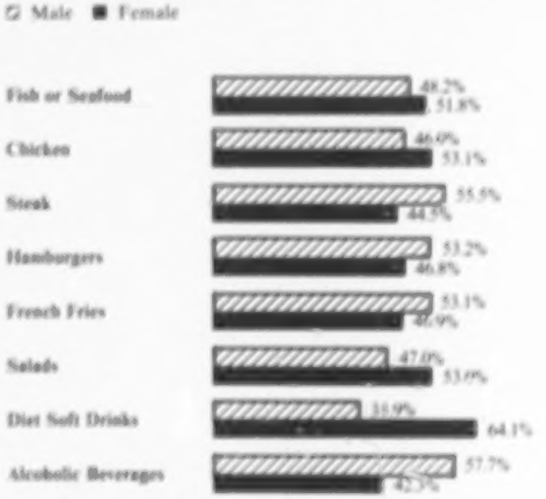


Source: NPD Research, Inc., CREST Family Diary Panel, Winter and Spring Quarters, 1981

Patrons from 35 to 49 show a preference for chicken and pasta entree items, accounting for 31% and 25% of the occasions on which these items were ordered. Pizza and Mexican food are particularly popular with those in the 25 to 34 age group. They accounted for 23.6% of the occasions on which Mexican food was ordered. These younger customers are apparently more willing to try new foods. In addition, they may opt for lower cost menu items because their eating out budget is restricted.

Chicken and pizza are the most popular entrees among children under 12. Children under the age of six accounted for 6.2% of the occasions on which chicken was ordered and 8.6% of the occasions on which pizza was ordered. Selection of these menu items increased for those age six to 12 who account for 10.3% of the chicken orders and 15.8% of the pizza orders. This is significant, especially for restaurant operators planning a special menu for children.

Percent of occasions on which menu items were ordered by males and females

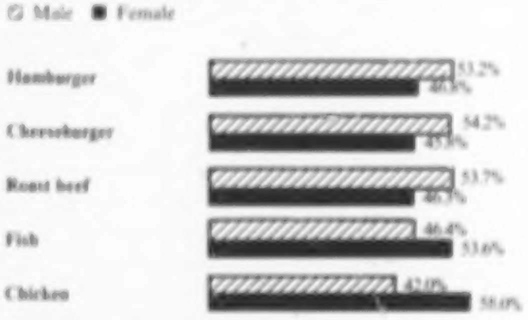


Source: NPD Research, Inc. Crest Family Diary Panel, Winter and Spring Quarters, 1981

Although men and women are equally likely to eat out for dinner, the study reveals that males prefer roast beef, steak and veal and females show a preference for fish or seafood, chicken and Mexican food. Males and females account for similar proportions of the occasions on which pasta and pizza are ordered.

Differing preferences of entree menu items may be due to more concern with diet and nutrition among females than males. (See corresponding article in this section entitled "Consumer awareness of diet and health important to restaurant industry.") In addition, females

Percent of occasions sandwiches were ordered by males and females



Source: NPD Research, Inc., CREST Family Diary Panel, Winter and Spring Quarters, 1981.

may order fish or seafood more when eating out because they find it easier and more convenient than preparing it at home.

CREST panel members belonging to families with two persons tend to order roast beef and steak while those from larger households of three or four members order pizza and Mexican food on a disproportionate number of occasions. Those from households with incomes above $30,000 show a particular preference for veal and Chinese food.

Salads most popular with females

Women tend to order salads more than men, accounting for 53% of the occasions versus only 47% for males. Females will order both main and side dish salads more often than men, providing 62% of the occasions on which salad was ordered as a main dish and a more modest 52% of the occasions on which it was ordered as a side dish. Males, on the other hand, tend to order french fries and soup more than females, accounting for 53% of the occasions on which each of these menu items was ordered.

Females feel they are well informed on nutrition, which could contribute to the differences in popularity of these menu items. Also, salads are recent menu additions for many restaurants, particularly at fast food restaurants, and the difference in the ordering of these menu items by sex may be the result of attracting different clientele. Since males frequently order hamburgers and cheeseburgers, it is not surprising that french fries are also popular because they are part of a typical fast food meal.

Those 50 to 64 years of age order salads and soups more than any other age group. They accounted for a disproportionate 27% of the occasions on which salads were ordered and 30% of the occasions on which soup was ordered. NRA's *Meal Consumption Behavior* study revealed that those age 41 to 64 eat lunch and dinner out frequently, with 45.8% of the respondents reporting they had eaten lunch out at least once in the past week and 50.5% reporting they had eaten dinner out at least once in the past seven days. (See July, 1981, *Foodservice Trends*.)

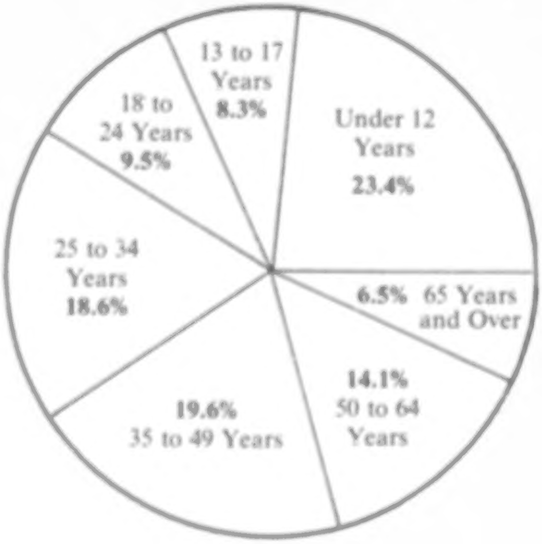
Patrons from a family of two show a distinct preference for salads. In addition, those families with incomes above $30,000 order a disproportionate number of salads and soups.

Ice cream tops with kids under 12

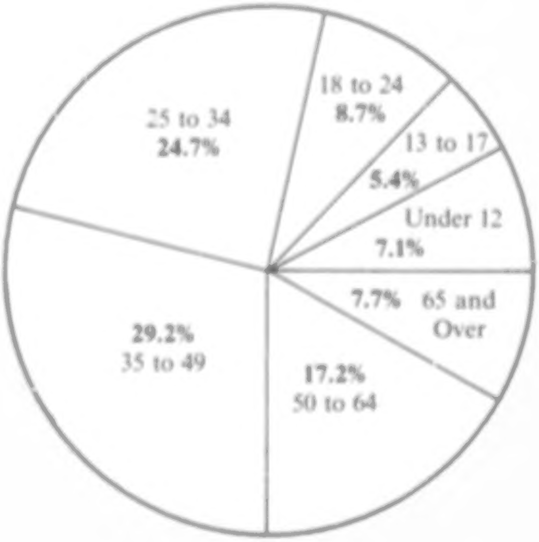
Children under 12 order ice cream more than other age segments, accounting for 26.5 % of the occasions on which it was ordered. This is especially important for restaurant operators to note because children account for only 21% of the population.

The CREST study also revealed that women tend to order more dessert menu items than men. They accounted

Percent of occasions on which sandwich menu items were ordered by age group



Hamburger



Chicken sandwiches

Source: NPD Research, Inc., CREST Family Diary Panel, Winter and Spring Quarters, 1981

Heavy and light users of selected menu items

Menu item	Heavy users	Light users
Eggs	Men; persons 25 years old and older; persons from upper income families; persons from small families.	Women; persons under 25 years old; persons from lower income families; persons from families with five or more members.
Fruit juice	Women; persons 25 to 64 years old; persons from families with 2 members; persons from families with incomes over $20,000.	Men; persons under 12 years old; persons over 65; persons from families with incomes under $20,000.
Hamburgers	Men; children under 12; persons 25 to 49 years old; persons from families with 3 to 4 members; persons from families with incomes between $10,000 and $25,000.	Women; persons 50 years and older; persons from 2 member families; persons from families with incomes under $10,000.
Fish sandwich	Women; persons 18 to 49 years old; persons over 65; persons from families with incomes over $30,000.	Men; children under 12; teenagers; persons from families with 5 or more members; persons from families with incomes between $15,000 and $25,000.
Chicken sandwich	Women; persons 25 to 49 years old; persons from families with 2 members; persons from families with incomes between $10,000 and $15,000 and over $25,000.	Men; children under 12; teenagers; persons from families with 3 or more members; persons from families with incomes between $15,000 and $25,000.
Steak	Men; persons 25 and over; persons from families with 2 members; persons from families with incomes over $25,000.	Women; children under 12, teenagers; persons 18 to 24 years old; persons from families with 3 or more members; persons from lower income families.
Fish/seafood	Women; persons 35 and over; persons from families with 2 members; persons from families with incomes over $25,000.	Men; children under 12; teenagers; persons 18 to 24; persons from families with 5 or more members; persons from lower income families.
Pizza	Men; children under 12; teenagers; persons from families with 3 or 4 members; persons from families with incomes over $20,000.	Persons 50 years and older; persons from 2 member families; persons from families with incomes under $20,000.
Mexican food	Women; persons 18 to 34; persons from 2, 3 and 4 member families; persons from middle and upper income families.	Men; children under 12; persons over 50; persons from families with 5 or more members; persons from families with incomes under $10,000.
Salad (main and side dish)	Women; persons 25 and older; persons from 2 member families; persons from upper income families.	Men; children under 12; teenagers; persons 18 to 24 years old; persons from families with 5 or more members; persons from lower income families.

French fries	Men; children under 12; persons from families with 3 or more members; persons from middle income families.	Women; persons 50 years old and older; persons from 2 member families; persons from upper income families.
Diet soft drinks	Women; persons 25 to 49 years old; persons from families with 2, 3 or 4 members; persons from families with incomes over $30,000.	Men; children under 12; teenagers; persons 50 years old and older; persons from 5 or more member families; persons from families with incomes under $20,000.
Regular soft drinks	Men; children under 12; teenagers; persons 18 to 34 years old; persons from 3 or 4 member families; persons from families with incomes between $10,000 and $25,000.	Women; persons 50 years old and older; persons from 2 member families; persons from families with incomes under $10,000 and over $30,000.
Beer	Men; persons 25 to 64 years old; persons from families with 2 members; persons from families with incomes over $25,000.	Women; children and teenagers; persons over 65 years old; persons from families with 5 or more members; persons from families with incomes under $25,000.
Wine	Women; persons over 25 years old; persons from 2 member families; persons from families with incomes over $25,000.	Men; children and teenagers; persons 18 to 24 years old; persons from 3 or more member families; persons from both lower and middle income families.

Note: Heavy users are those persons who have a higher order frequency than their representation in the CREST family panel. Light users have a lower order frequency than their representation in the CREST family panel.

for 53% of the occasions on which dessert was ordered versus only 47% of the occasions for males contradicting their tendency to choose more "healthy" foods. Females also ordered ice cream more than males, accounting for over half, 55%, of the occasions on which ice cream was ordered. In comparison, males ordered this dessert menu item on only 45% of the occasions.

Men order more breakfast items

Males are more likely to order breakfast menu items than females, which is explained in part by a greater tendency among men to eat breakfast away from home. Men are responsible for 55% of the occasions on which eggs are ordered compared to 45% for females. Males also order sausage or bacon more frequently, 58% of the occasions versus only 42% of the occasions for females. Reversing the trend for other breakfast items, females are heavy users of fruit juice on a per capita basis, accounting for 52% of juice orders compared to only 48% of the occasions for males.

Those age 50 to 64 tend to order eggs and sausage or bacon on a disproportionately high number of occasions, explained in part by their tendency to eat breakfast away from home. NRA's new study, *Meal Consumption Behavior*, found that those age 41 to 64 eat breakfast out frequently, with 16.6% reporting they had eaten out for breakfast at least once in the past week. (See July, 1981, *Foodservice Trends*.)

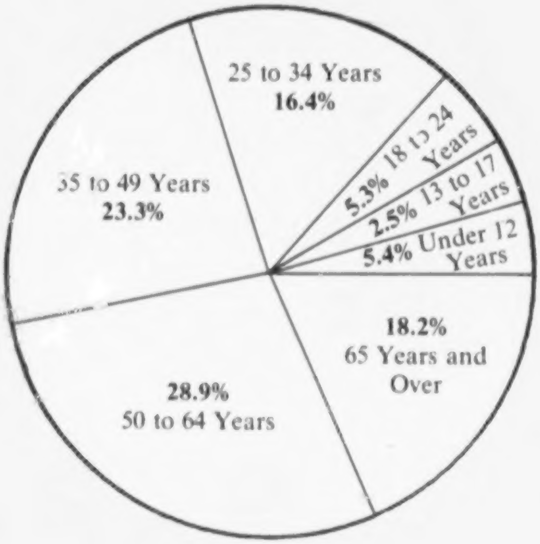
Patrons from families with incomes of $30,000 and over and white collar families are heavy users of items such as eggs and sausage or bacon, selecting these breakfast items on a disproportionate number of occasions. These results are not surprising since families with these characteristics are the most likely to eat out.

Coffee most popular with ages 50-64

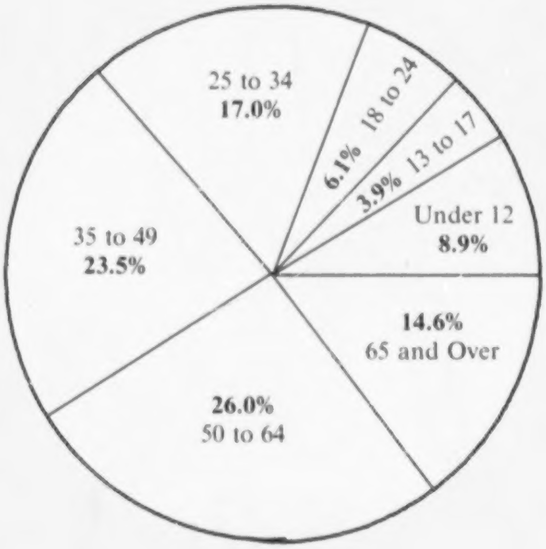
Coffee is the most popular beverage among those age 50 to 64. CREST panel members age 35 to 49 tend to order tea, beer, cocktails and wine, while those age 25 to 34 order a disproportionate share of both diet and regular soft drinks. Shakes or malts and regular soft drinks are the most popular beverages among children under six. They accounted for 9.3% of the occasions on which shakes or malts were ordered and 9.2% of the occasions on which regular soft drinks were ordered. These beverages were also the most popular among children age six to 12.

The NRA/CREST study revealed that men show a preference for coffee, shakes or malts, regular soft drinks or beer. Women, on the other hand, tend to order more tea, diet soft drinks and wine than males.

Percent of occasions on which entree menu items were ordered by age group



Roast beef



Fish or seafood

Source: NPD Research, Inc., CREST Family Diary Panel, Winter and Spring Quarters, 1981

NRA survey reveals profile of dining club member

With one out of five households belonging to a restaurant dining club at one time or another, according to a recent National Restaurant Association survey, the subject can be of importance to restaurant owners and managers. The survey, which was performed by National Family Opinion, Inc. under contract with NRA, focuses on who joins dining clubs, why they join and why they do or do not retain their membership. Information provided by respondents on the subject of dining club membership can be especially beneficial to restaurateurs who are approached by dining club organizations or who are considering forming their own dining club.

The analysis of the survey results is based on 782 completed questionnaires received in May and June of this year. For the study, restaurant dining clubs were defined as *clubs where members pay a fee and receive a membership card entitling them to receive either reduced prices for meals or two meals for the price of one at a specific restaurant or at a selected group of restaurants.*

Who joins dining clubs

As mentioned previously, one out of five households (19.8%) surveyed have belonged to a dining club at some time. Upscale households and households located in the western region of the U.S. are most likely to have been members of dining clubs. Over one-fourth of the households with incomes above $30,000 and those where the male head has some college education have belonged to such a club. In addition, three out of 10 western households report being members of a restaurant dining club at one time or another. These demographic groups may be more willing to try something new, and, as a result, they could be more likely to join dining clubs.

On the other hand, eight out of 10 of the households in this survey stated that they have never belonged to a restaurant dining club. Those least likely to be members are households with incomes under $15,000, singles, households in the northeast and south and households where the male head has a high school education or less.

Most join to save money

Respondents were asked why they join restaurant dining clubs, and a summary of this information can be found in the accompanying table. Over half of those surveyed (54.8%) stated that they became dining club members because it reduces the cost of eating out. This was especially important to households with incomes under $15,000 and those with incomes between $25,000 and $35,000. Saving money was also a top priority of nearly six out of 10 married couples with no children and six out of 10 households where the youngest child is over 18 years old.

Forty-seven percent of the respondents stated that dining clubs allow them to enjoy a variety of different restaurants. Variety is the number one reason for joining a restaurant dining club for households with incomes between $30,000 and $35,000, households with five or more members, southerners and households where the male head had completed college.

Other reasons given by respondents for becoming members of dining clubs include: recommendations by friends (16.1%), able to eat out more often (14.8%) and received mail or phone solicitation (5.8%).

Majority do not retain membership

NRA's survey revealed that the vast majority of respondents do not retain their membership in restaurant dining clubs. Seventy-three percent of those who had belonged to such a club at one time or another are not members now compared to 24.5% who are members at the present time.

Upper-income households, families where the youngest child is over 18 and households residing in the western states are the most likely segments to drop their dining club memberships. Readers should recall that these represent the most likely demographic groups to join dining clubs. On the other hand, households with incomes under $20,000, midwesterners, singles and married couples with no children show a higher than average proportion to retain their dining club memberships. These represent many of the same segments who are least likely to have ever been dining club members.

Infrequent use is the primary reason cited by most respondents who do not retain their restaurant dining club memberships. Over half of those surveyed reported that they did not take advantage of the dining club often enough to warrant rejoining. This is especially true for households with incomes over $35,000, four member households, westerners and families where the male head has completed college. Approximately three out of 10 stated that they did not retain their dining club memberships because the club had a limited selection of restaurants. On the other hand, less than 10% reported that the reason why they discontinued their dining club membership was because it was too expensive and only 2.7% felt that the participating restaurants were not conveniently located, as shown in the accompanying table.

Why did you join a dining club?

Reason	Percent saying.....
Reduced cost of eating out	54.8%
Able to try different restaurants	47.1%
Other friends recommended it	16.1%
Could eat out more frequently	14.8%
Received mail or phone solicitation to join	5.8%
Gift	4.5%

Note: Multiple answers were allowed. Based only on those households who had ever belonged to a dining club.

Source: National Restaurant Association.

Why did you discontinue your membership?

Reason	Percent saying.....
Infrequent use	55.8%
Limited selection of restaurants	31.9%
Too expensive	9.7%
Restaurants not conveniently located	2.7%
All other reasons [1]	24.8%

Note: Multiple answers were allowed. Based only on those households which had once belonged to a dining club but are not now members.

[1] Includes such things as dining clubs going out of business, respondents moving away, just didn't feel like rejoining.

Source: National Restaurant Association.

Commodity spotlight: Price and availability forecast

The cost and availability of various commodities are important to restaurant operators for effective menu planning. In order to provide operators with up-to-date agricultural information, we will briefly review the short term outlook for selected food products each month in the "Foodservice Trends" section of *NRA News*. In addition, the Commodity Price Index, which highlights changes in wholesale food costs for some basic commodities important to our industry, will be a regular monthly feature.

Although the information in this article is as up-to-date as possible at the time of publication, readers should be aware that prices and supplies of many commodities can change rapidly.

Lettuce: Demand for California lettuce remains strong, and as a result, prices have risen. Shipper prices for carton 24s now average about $7.50 to $8 compared to $6 to $7 a few weeks ago.

Tomatoes: Tomato acreage is down about 4% this year, following a similar decline last year. This will result in continued higher prices for fresh tomatoes as well as for processed tomato products throughout this year.

Potatoes: Growers of fall potatoes are expected to harvest 1.04 million acres in 1981, up 6% from last year's small acreage. Average yields will mean a crop of 287.1 million cwt., an increase of 9% over 1980. Farm prices for potatoes will decline moderately from the record highs farmers received for last year's crop, causing wholesale potato prices to remain close to or below those in 1980.

Apples: The 1981 U.S. apple crop is predicted to equal 8.06 billion pounds, 9% below last year's record. Decreases from 1980 production levels in the Great Lakes states and along the eastern seaboard were not offset by increases in the remaining major apple producing states. As a result, wholesale prices for both fresh apples and processed apple products are expected to rise.

Grapes: The California grape crop is estimated at 4.17 million tons, down a substantial 19% from last year's record crop. Smaller production is forecast for table grapes and raisins, and restaurateurs can look for higher prices for these commodities during the coming months.

Other fruits: Production of peaches and pears will be 6% and 5% below 1980 levels. This year's crops of nectarines and plums, however, could rise 4% and 13% from last year. In late July, shipping point prices for most summer fruit were below early season levels. With smaller crops expected for many fruits, prices are likely to remain high.

Peanuts: Peanut acreage is up 10% from 1980's drought-reduced area. With very good growing conditions prevailing, the crop is projected to equal 3.7 billion pounds. Prices for peanuts and processed-peanut products, especially peanut butter, should be below last year's highs.

Beef: Beef production in 1981 is expected to reach 22.1 billion pounds, up 2.8% from 1980's output of 21.5 billion pounds. Choice steer prices will probably average $66 per hundredweight, down slightly from last year's average price of $67. Larger supplies and lower demand have caused beef prices to drop this year.

Pork: USDA predicts that 1981's pork production will reach 15.3 billion pounds, down 7% from 1980's output of 16.4 billion pounds. Hog prices will probably average about $46 per hundredweight, up from $40, or 15% higher than, last year.

Chicken: Chicken production will increase only 4.5% in 1981 to 11.6 billion pounds. Wholesale broiler prices will probably average 48¢ a pound, up 4% from 1980's average of 46¢.

Commodity price index percent change

Commodity	1979-1980	Aug. '80-Aug. '81	8 Mos. '80-8 Mos. '81	July '81-Aug '81
Bakery products	11.7%	8.4%	8.7%	0.2%
Flour and cereal	12.3%	8.0%	9.9%	(0.8%)
Beef and veal	3.2%	(9.4%)	(3.9%)	(1.9%)
Other meats	(2.7%)	3.4%	13.4%	0.3%
Pork	(4.0%)	6.9%	17.5%	(0.8%)
Poultry and eggs	1.0%	(3.4%)	10.7%	(1.6%)
Poultry	2.5%	(5.2%)	9.8%	(1.3%)
Eggs	(2.8%)	2.1%	13.3%	(2.4%)
Fish and shellfish	(3.2%)	(0.8%)	0.4%	(4.1%)
Sugar and sweets	35.4%	(10.8%)	6.4%	(0.6%)
Sugar	49.6%	(22.5%)	(1.7%)	(0.3%)
Vegetables	7.5%	18.8%	31.7%	(2.6%)
Fresh vegetables	8.6%	20.8%	42.2%	(4.0%)
Fruits and juices	4.2%	(0.7%)	1.3%	0.4%
Fresh juice	4.1%	(17.6%)	(9.5%)	(1.4%)
Beverages	0.8%	(4.6%)	(3.6%)	(0.3%)
Dairy products	12.1%	5.4%	8.1%	NC
Fats and oils	6.4%	(1.1%)	3.2%	(1.0%)
NRA food cost index	5.0%	(0.8%)	5.0%	(1.4%)
All food, producer price index[1]	8.0%	(0.1%)	6.2%	(0.7%)

[1] Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

Sources: *Producer Price Index*, Bureau of Labor Statistics; NRA.

Interest in promotion increasing, according to new NRA study

Faced with declining customer counts in 1979 and 1980, foodservice operators turned to promotions and incentives as a means to increase sales and traffic. Today restaurateurs continue to use this merchandising technique to attract both first-time and repeat business. The National Restaurant Association, in order to provide the industry with reliable information on restaurant promotion usage, recently conducted a consumer attitude and behavior survey to learn about customer reactions to and use of promotions in restaurants. Detailed information from this study, performed under contract with National Family Opinion, Inc. in the late spring, is analyzed in a new publication, *Reactions To and Use of Restaurant Promotions By Consumers*, which will be available for sale in mid-November.

Results are based on responses from 782 households representing 1,788 individuals. (A total of 1,000 questionnaires were mailed.) Since the questionnaire was designed to ascertain restaurant promotion usage and attitudes on an individual respondent basis, information is available by age and sex of each respondent and by such household characteristics as income, household size, female head employment, region and family lifestyle. The accompanying tables on how often restaurant promotions are used and the likelihood of use of various promotions will give readers an indication of the information available from this new NRA publication. More detailed statistics and analysis on frequent, occasional and infrequent users can be found in the final report.

Operators will find the study particularly helpful in selecting promotions which are most appealing to their target market and in advertising their promotions. The following information is revealed in this new NRA consumer attitude and behavior study:

- Profiles of promotion users and non users
- How often various types of promotions are used
- Likelihood of use of different promotions by both users and non users
- How consumers find out about promotions
- Whether promotions attract new business
- Whether promotions generate repeat business
- Why some consumers never use promotions
- General attitudes toward restaurant promotions

To order *Reactions To and Use of Restaurant Promotions By Consumers*, contact NRA's Educational Materials Department, 311 First St. N.W., Washington, D.C. 20001, or call (800) 424-5156. Members should specify order number CS 700 and non members should specify order number CS 701 when ordering this new consumer study.

Operators panel to compare financial, operations data

Do you wonder how your business is doing on a monthly basis compared to other similar operations around the country? Do you have need of industry financial and operations data for making forecasts? If the answer to either or both of these questions is yes, you will want to join our Restaurant Operators Panel. The panel is sponsored jointly by the National Restaurant Association and the accounting firm Laventhol & Horwath. All that a panel member is required to do is complete a short, confidential survey card each month, supplying information on food and beverage sales and costs.

The purpose of the Restaurant Operators Panel is to provide NRA members a unique means of comparing financial data on their own operations to averages for other similar restaurants. The information is generated on a monthly basis and is not available from any other source.

Panel participants are provided with up-to-date statistics on:

- Food and beverage sales and costs
- Food and beverage cost as a percent of sales
- Payroll

How often do you take advantage of restaurant promotions?

Frequency	Total respondents	Total males	Total females
Four or more times a month	8.1%	8.6%	7.4%
Two or three times a month	14.0%	13.4%	14.9%
Once a month	16.6%	17.1%	16.5%
Once every other month	9.0%	8.6%	9.6%
Once every six months	12.4%	11.2%	13.8%
Once a year	8.1%	8.0%	7.9%
Never	26.9%	28.4%	25.4%
No answer/ don't know	4.8%	4.8%	4.7%

Note: Totals may not add up to 100% because of rounding.
Source: *Reactions To and Use of Restaurant Promotions by Consumers*, National Restaurant Association, October 1981.

Likelihood of use of various types of promotions

Type of promotion	Very/ somewhat likely	Neither likely nor unlikely	Very/ somewhat unlikely
Two-for-one specials			
Promotion users	75.8%	6.6%	11.0%
Non promotion users	28.1%	9.8%	49.9%
Cents off coupons			
Promotion users	68.1%	6.2%	17.8%
Non promotion users	20.2%	7.9%	58.4%
Complete meal specials			
Promotion users	45.8%	16.8%	26.8%
Non promotion users	19.4%	12.5%	52.8%
Early bird special			
Promotion users	24.1%	16.0%	51.0%
Non promotion users	6.9%	10.8%	68.2%
Games and sweepstakes			
Promotion users	24.7%	15.0%	51.1%
Non promotion users	8.9%	7.1%	69.8%
Premiums			
Promotion users	19.7%	13.9%	57.3%
Non promotion users	8.1%	7.7%	69.7%

Note: Non-responses are not included in these figures.

Source: *Reactions To and Use of Restaurant Promotions by Consumers*. National Restaurant Association, November 1981.

- Average check
- Sales per seat
- Customer traffic

Participants receive an individualized report each month comparing their own operating results with those of all panel members. In addition, industrywide results, such as that shown in the accompanying table, will be published in the "Foodservice Trends" section of *NRA News*.

Future possibilities for this unique Restaurant Operators Panel are enormous. As more and more NRA members join the panel, much more detailed information will become available. For example, comparative sales, cost and customer count data will be available by type of establishment, region, average check size of restaurants and seating capacity of restaurants.

Our goal is to develop panel participation to such an extent that local area or state-by-state operating information will be available. To achieve this goal we urge each NRA member to join this valuable Restaurant Operators Panel. Interested operators should complete the attached form and return to Bette Hoyt, National Restaurant Association, 311 First St. N.W., Washington, D.C. 20001.

National trend of business in the restaurant industry

	Percent change from prior year April '81	 May '81
Food and alcoholic beverage sales	7.8%	8.1%
Food sales	7.5%	7.5%
Alcoholic beverage sales	9.3%	11.2%
Food and alcoholic beverage cost	7.7%	6.0%
Food cost	7.7%	4.4%
Alcoholic beverage cost	8.0%	4.9%
Payroll cost	5.9%	7.6%
Average check	4.7%	10.3%

Should not be considered representative of the industry because response is limited.

Note: Percentages for each category based only on respondents supplying data.

Industry index

Retail sales (000,000)	**Aug. 1981**	**Percent vs. year ago**	**Year to date sales 1981**	**Percent change vs. year ago**
All retailers	$88,689	+8.5%	$674,496	+10.5%
Eating and drinking places	$8,502	+7.3%	$63,109	+10.4%
Food stores	$19,872	+4.0%	$155,896	+9.6%

Source: Bureau of Census, unadjusted data. Subject to revision.

Consumer prices (August)	**Percent change vs. August year ago**	**Percent change 1981 to date vs. year ago**
Food at home	+6.4%	+9.0%
Food away from home	+8.9%	+9.4%
All items less food	+11.6%	+10.8%

Source: Bureau of Labor Statistics.

Eating place indicators (000,000)	**June, 1981**	**Percent change vs. year ago**	**Year to date sales**	**Percent change vs. year ago**
Eating place sales	$7,223	+9.4%	$40,504	+10.5%
		Percent change vs. year ago		**Percent year to date vs. year ago**
Real eating place sales (June)		+0.4%		+0.9%

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations. Subject to revision.

Employment and earnings	**July, 1981**	**Percent change vs. year ago**
Total employment	4,898,700	+2.6%
Nonsupervisory employment	4,520,400	+3.0%
Nonsupervisory average hourly earnings	$3.92	+6.5%
Average weekly hours	26.9	+0.7%

Source: Bureau of Labor Statistics.

Participant Request

National Trend of Business in the Industry

Restaurant Owner/Manager ____________________

Name of Restaurant ____________________

Address ____________________

City __________ State __________ Zip __________

Telephone( ) ____________________

Return to:
Bette Hoyt
National Restaurant Association
311 First St., N.W.
Washington, D.C. 20001

TRENDSETTERS

HAPPY & HEALTHY

Americans just love to dine out.

Champagne makes them giddy. The thought of brandied cherries—spooned flaming, of course—over creamy, rich scoops of vanilla ice cream sends them into ecstasy. Tender veal medallions bathed in butter and cream are guaranteed to drive them wild. The thought of coconut and chocolate married into one delightful torte can be better than a juicy novel. Having this all rolled together into one super evening is not unlike Heaven.

Yet, there is one problem.

Dining out—all the fine food, candlelight, ambience and wine—is wonderful to experience but can challenge the willpower of anyone trying to diet. In a nation where one out of every five citizens is on a diet at any given time, according to the United States Department of Agriculture, restaurateurs are up against a tough challenge.

Does that mean a restaurateur should throw up his hands in defeat? Should you toss out the whipping cream and load up on sprouts? Must you cancel your beef contracts and make friends with the local tofu maker?

Definitely not. What today's restaurateur has to do—amidst the trend to more healthful eating—is take a long look at his customers' needs and provide alternatives within the framework of his menu.

"Learn to build flexibility into your menus," said Karen Lechowich of the American Dietetic Association. "A sauce or gravy that is added just before serving makes filling special requests for customers a lot easier. And it cuts down on the hassles among kitchen staff and service people.

"If someone on a special diet—whether it's low-calorie, low-salt or whatever—has had a pleasing experience at a restaurant, you can be sure they will return with friends," she added. "They know they will be able to have something on their diet while their friends can still enjoy whatever they want."

NRA Honorary Director Jessie Alice Cline said restaurants should be aware of what makes a balanced meal and consider the basic food groups when designing their menus. "When an individual decides to eat away from home, he must be given the choice of what foods to eat. If a person wants a low-salt or low-fat meal, he should be able to get it in any restaurant.

"Consumers need to know that the restaurant industry is interested in promoting good health," she said.

Many nutritionists agree that dieting diners must approach restaurants with a little bit of strategy and a whole lot of common sense. An understanding restaurateur can be an added bonus.

According to Judith Stern, an associate professor of nutrition at the University of California at Davis, a gourmet experience doesn't have to be a diet disaster. "The important point is that dieters must plan ahead and keep their wits about them," she said.

The first step to smart restaurant eating is to study the menu. "Diners must remember that they control how much they order, how it is prepared and what time they eat. If they want the fish just broiled or dressing on the side, they should ask for it," Stern said.

As Nutritionist Robert Reber of the University of Illinois extension service explained, "The dining public must remember that it is what they add to a food that often causes the problems. A 90-calorie baked potato can become a 300-calorie monster very rapidly."

A pat of butter adds 50 calories. A spoon of sour cream adds 57 calories. "Little things—a handful of nuts, a tablespoon of salad dressing—all add up. Dieters must practice moderation at the dinner table, " he said.

If a restaurateur is more than willing to oblige such simple requests, he should find return customers no problem. Also, dieters who are served by accommodating waiters and waitresses will be sold on a restaurant far more easily than one where they get nothing but arguments.

In fact, as part of their training, waiters and waitresses can be taught to cater to dieting customers. They should learn to expect questions about the preparation of certain dishes.

As Stern pointed out, "The finer the restaurant, the more the waiter expects to discuss the meal in advance."

She also suggested thinking of a restaurant meal as a whole; a total calorie intake. That may mean choosing consomme instead of cream soup, a move that could save a diner over 200 calories. Ordering coq au vin rather than tournedos Rossini could save 400 calories, while sole poached in wine instead of seafood Newburg is worth a 300 savings. It's also not a bad way for a restaurateur to look at his menu.

At Jerome's on Chicago's north side, Manager Jan Lucas balances her daily menus with that idea in mind. "If I have a creamy soup on the menu, I make sure the second soup of the day is a light broth base. And if one of the day's specials is especially heavy, I balance it with a salad or vegetable plate."

With a reputation for freshness, the three-year-old restaurant bakes a whole wheat millet bread daily and requires a constant influx of fresh fruits and vegetables. "It can be a hassle," Lucas said, "but it has its payoffs, too. People appreciate *green* green beans, not olive green ones. Freshness of ingredients is the reason the owner opened the restaurant and it has now become our signature."

Such approaches to dining require a flexible restaurant, restaurateur, menu and kitchen staff. The following ideas are simple requests and can be implemented relatively easily:

- Offer plain yogurt with chives as an alternative to sour cream. (A quarter cup of yogurt has only about 30 calories compared to the 115 in a quarter cup of sour cream.)
- Use a note on your menu, at the cash register or on the table advising customers to feel free to ask the waiter or waitress about items on the menu. And indicate that you are willing to help them meet their dietary requirements, if possible.

- Consider inviting a local registered dietitian to chat with the kitchen staff and service people. Suggestions on the type of things people might ask for—or your staff might be able to offer—can be helpful. If a customer is debating the dessert question because of calories, a smart waitress might suggest slices of fresh melon or a dish of berries (sans whipped cream, of course), yet still bring in the dessert dollar.
- Offer salads and salad bars with substantial ingredients such as nuts, avocados, tomatoes, cheese chunks and eggs. Or consider a mix-and-match salad item on the menu—a lettuce base with a choice of toppings.
- If you offer a daily fish special, prepare it broiled. Those who want fried fish can choose from your menu, but the dieters in the group can feel comfortable ordering simple, plain broiled fish.
- Consider offering whole wheat bread and rolls as well as whole grain and bran muffins. Go ahead and use those breads in sandwiches and French toast. They carry more weight and impress customers.
- A shaker of mixed dried herbs and a few wedges of fresh lemon are not only attractive, but also a great topping for salads, vegetables and fish with almost no calories. Try parsley, basil and chives, for example.
- Include a fresh fruit dessert—melon slices, a dish of fresh berries, apple wedges, etc.—in your dessert lineup.

- On large entrees, offer two portion sizes. Or if a customer asks to split an order, offer to divide it in the kitchen.
- If you have a banquet or convention crowd, consider the alternatives to the traditional roast beef-and-mashed potato lunch. Notes Dietitian Lechowich: "A lighter lunch won't bog people down. They will be more alert throughout the afternoon. Also, consider a pick-up buffet instead of a sit-down meal. People who have been sitting through meetings all morning will appreciate the chance to walk more than from one chair to another."
- Consider fresh fruit, cheese platters or yogurt as part of the mid-morning coffee break. Not only is it more varied than coffee and sweet rolls, it's also more nutritious and more attractive.

AT YOUR SERVICE

I am considering adding several new items to my menu. What steps should I follow?

Menu expansion is becoming a popular marketing tool with operators who are attempting to combat both inflation and softened customer counts. By offering a wider selection of items, restaurants can often increase sales, profits and market penetration.

Before adding any new menu item, review the following questions.

1) What potential markets do you want to attract with this item?
2) What positive and/or negative effects will this item have on your present clientele?
3) Will this item fit in with your present theme and decor?
4) Are any equipment purchases necessary for the production of this item?
5) Is the planned menu price in line with your current prices?
6) Will your food and labor costs remain relatively constant?

The strategy behind expansion and development begins with compiling a list of possible additions. First, analyze your present menu, noting which of your current selections are most successful. This can be done in a minimal amount of time. Simply record the order frequency of every menu item at the end of each day. A sample worksheet is included in "Market Research for the Restaurateur" available through the NRA's Educational Materials Department. If you want more detailed information, expand the worksheet to include data for specific meal periods.

Next, review new items being introduced by your competitors. This type of information is usually found in trade journals and newspaper advertisements.

Other sources for new menu ideas are consumer surveys which monitor eating out behavior. CREST (Consumer Reports On Eating Out Share Trends)—a diary panel tracking eating out behavior—reports the order frequency of various food types by demographic characteristics. (Note: a related article on the demographics of menu item selections appears in the "Foodservice Trends" section of this publication.)

Another helpful market survey is Restaurants & Institutions' Annual Menu Census. For this study, operators report 1) best-selling menu items, 2) recent menu additions and deletions and 3) important factors in menu planning.

Once you decide to include a new item, some sample merchandising techniques should be followed. Consider table tents or menu notations to inform customers that the product is now available. Also, be sure staff members are able to answer questions about the dish including how it is prepared, what ingredients are used, what it tastes like and, if appropriate, where it originated. Finally, ask diners for feedback to help you in your future planning.

For additional information on menu expansion, contact the NRA Information Resource Center, 311 First St., N.W., Washington, D.C. 20001.

YOUR ORDER, PLEASE

Have you ever looked over the floor in your dining room and wondered why the salt shakers were empty or a place setting was missing from Table 14? Did you figure out why you can't stop your cocktail waitresses from giving away drinks? Or why the sauce for beef Burgundy tastes sweet on some days and tart on others?

There are always going to be problems in the restaurant business. But the solutions are as close as the NRA bookstore, designed exclusively for members of the foodservice industry. Whether you are opening a new restaurant, training a staff, planning a kitchen, designing a dining room, selecting equipment, coordinating a menu or managing staff, the NRA has books, films and manuals to help you do it right.

A series of information sheets—"Are You Serious About Foodservice"—is available from the Educational Materials Department, offering descriptions of materials for solving typical foodservice problems. This series makes it easy to match the best possible tools with your specific needs. The following subject areas are covered:

Advertising/Promotions
Consumer Research/Market Research
Design/Decor
Management
Institutional Foodservice
Culinary Food Production
Starting a Restaurant
Safety
Employee Selection
Finance
Lunch/Salads
Baking/Desserts
Inventory Control
Health/Nutrition
Fish/Seafood/Meat
International Control/Security
Buffets/Catering
Menu Planning/Pricing
Equipment, Selection and Maintenance
Purchasing
Bar Management

The Vegetarian Gourmet Cookbook

Accounting
Energy

Sheets are free to all NRA members. Simply send a listing of desired topics to the Educational Materials Department, 311 First St., N.W., Washington, D.C. 20001.

Of all topics, information on personnel training is in hottest demand. The NRA bookstore stocks two types of materials. Written manuals for trainers and trainees are inexpensive in terms of initial cost, but demand the time of supervisory personnel. Audio-visual programs are becoming increasingly popular due to the ease in which they can be used. Both kinds of materials can also be combined into one full-range training program.

In restaurants that serve wine, a recently published NRA book can help boost sales and profits. *Wine and the Bottom Line* gives a restaurant manager the necessary tools to educate staff on how to "talk" and sell wine. All aspects of wine service are covered, from training sessions to pronunciation.

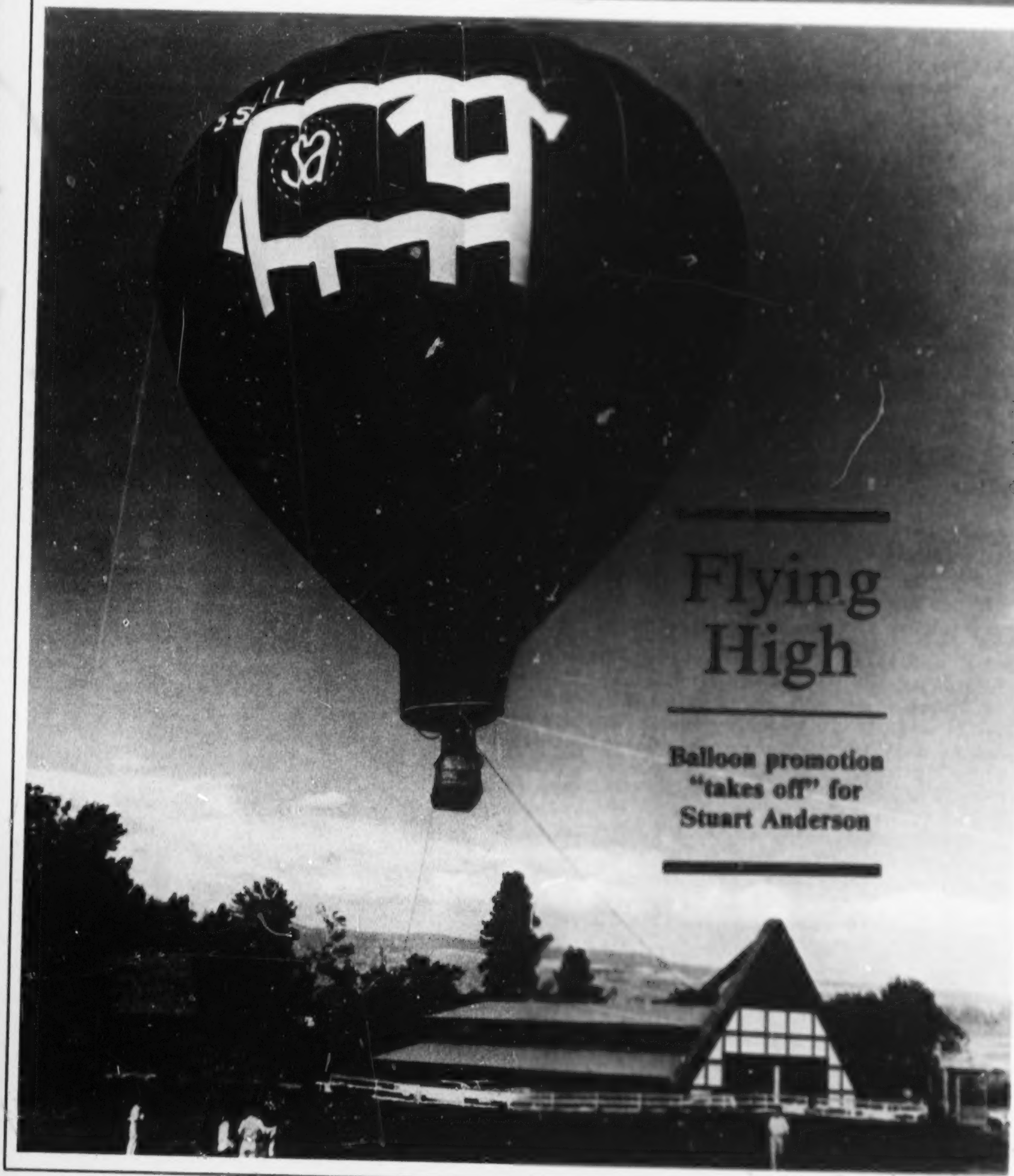
A second important topic to NRA members is accounting. In today's tough economy, operators need to standardize and fine tune their systems. The Educational Materials Department recommends *Uniform Systems of Accounts*, a "bible" in standardized accounting for establishing consistent records. In addition, it is used to train new managers in the methods used to record the income and expenses of the operation.

Still another subject in demand is culinary production and management. Foodservice operators commonly request cookbooks for large quantities, buffets, ethnic specialities, sauces, culinary training, sandwiches, seafood and diet-restricted dishes. Over 50 titles are featured in the NRA bookstore, designed to assist managers and chefs as they develop and modify menu items.

Of the many foods being served in today's restaurants, healthy and light dishes are increasingly more popular. NRA's best-selling *Vegetarian Gourmet Cookbook* is packed with creative menu ideas for cashing in on this important trend. Recipes are simple to prepare, high profit and varied enough to satisfy any clientele.

To order any of the books highlighted in this article, use the enclosed response card. For a complete catalogue of materials or additional information about the NRA bookstore, contact the EMC, 202/638-6100.

TASTEMAKERS



Flying High

Balloon promotion "takes off" for Stuart Anderson

You might think Stuart Anderson would be offended if you said his promotional efforts were full of hot air. Yet the truth is, he'd agree with you. In fact, he's even proud of it.

That's because the Seattle-based Stuart Anderson's Black Angus/Cattle Company chain uses three hot air balloons to represent the spirit of its 73 lunch and dinner houses. And according to Marketing Director Haig Cartozian, the idea "took off" from the very start.

"We were looking for a symbolistic vehicle which was exciting and acceptable for the current trend of today's lifestyle when a proposal was made for sponsorship of a hot air balloon," Cartozian said. "The awareness for the investment was so good we inquired about buying one and starting our own operational program."

In deciding to purchase the balloons, both promotional benefits and the excitement of the sport were considered. "Everyone can enjoy the thrill of ballooning," Cartozian said. "It makes people accept that we, as a company, are full of vitality; that we're young at heart, with a strong spirit of sportsmanship and hospitality.

"And it makes people smile. It rubs off that our restaurants are fun, that you can go to a Black Angus or Cattle Company and have a good time at a price you can afford."

For its first flight, the company selected a grand opening. The balloon—emblazed with Stuart Anderson's familiar square-shaped steer logo—was launched in what Cartozian called "near perfect" weather.

"We just hovered over the Los Angeles freeway, about 300 feet off the ground. It was filmed for national television," he said. "And when we landed in a huge lot, the local fire department was on hand to welcome the crew. It was one of the most successful openings we've ever had," Cartozian added. "We got more publicity on that one event than you could normally buy."

And it's no wonder. Each balloon is 63 feet high and 55 feet in diameter—or as tall as a five-story building and as wide as a basketball court. Fully equipped, the balloon itself costs about $20,000; to operate, about $1,000 per day.

To maximize its investment, the company also flys the balloons at festivals, races, special events and community-sponsored programs throughout the United States and Canada. At the present time, 24 activities are already scheduled for the coming year.

"One of the things we try to do when we appear in a city is to work with a charitable organization and offer rides to the public," Cartozian said. "Since any donations we receive go to charity, everyone benefits. We all have a good time helping others."

Among the groups which have teamed up with Stuart Anderson's are the American Cancer Society, the Lion's Club, the March of Dimes and several children's hospitals.

"Our goal, whenever we fly, is to be part of the community," Cartozian said. "In our industry, where there's so much competition, we must constantly be ahead with a very solid base of confidence and fun."

He's also proud of what Stuart Anderson's restaurants offer the public: a quality product, reasonable prices, warmth and authentic hospitality. Much can be attributed to the service records of the company's more than 6,500 employees—about 50% have been on the job for two years or more.

"Everyone can enjoy the thrill of ballooning. It makes people accept that we, as a company, are full of vitality; that we're young at heart, with a strong spirit of sportsmanship and hospitality."

Why do they stay? "People wouldn't work that long if they didn't feel that the company—and its atmosphere—was what they wanted to do in life," Cartozian explained.

The balloon program helps. "Each time we fly near a restaurant, we'll contact the manager and ask for crew members who would like to assist with the balloon operation. Training is done by our professional team pilots and each participant receives an honorary crew member pin and cap."

The opportunity to be involved does wonders for staff morale, Cartozian continued. "The pins, for example, are cherished items. Employees wear them on their uniforms. It becomes a very important part of their personal achievements."

As for public reaction to a steer-studded balloon flying above their homes, people find the promotion remarkably unique. According to Cartozian, he's seen folks in their bathrobes do everything from providing street directions to helping them land in a golf course.

"One time a lady on the deck of her home was yelling 'Are you giving away free steaks?' as we were flying by. It just tore us up.

"But the essential thing is that they recognize us. They tell us they love our food. And they look at us as an organization that welcomes people who want to enjoy life."

FOOD FOR THOUGHT

Promotional Logic

> "One of the keys to effective PR and promotion seems to involve an ongoing philosophy of logic combined with creativity in approach."

By Michael Jaye, Director of Public Relations and Promotions
Lettuce Entertain You, Enterprises
Chicago, Ill.

Handling public relations and promotions for a restaurant can be like a personal relationship; you've got to know the difference between doing enough and giving too much. All too often restaurants, in attempting to set up promotions and gain added media attention, suffer from the extremes of overkill versus underachievement. The ideal situation is obviously to strike a happy medium.

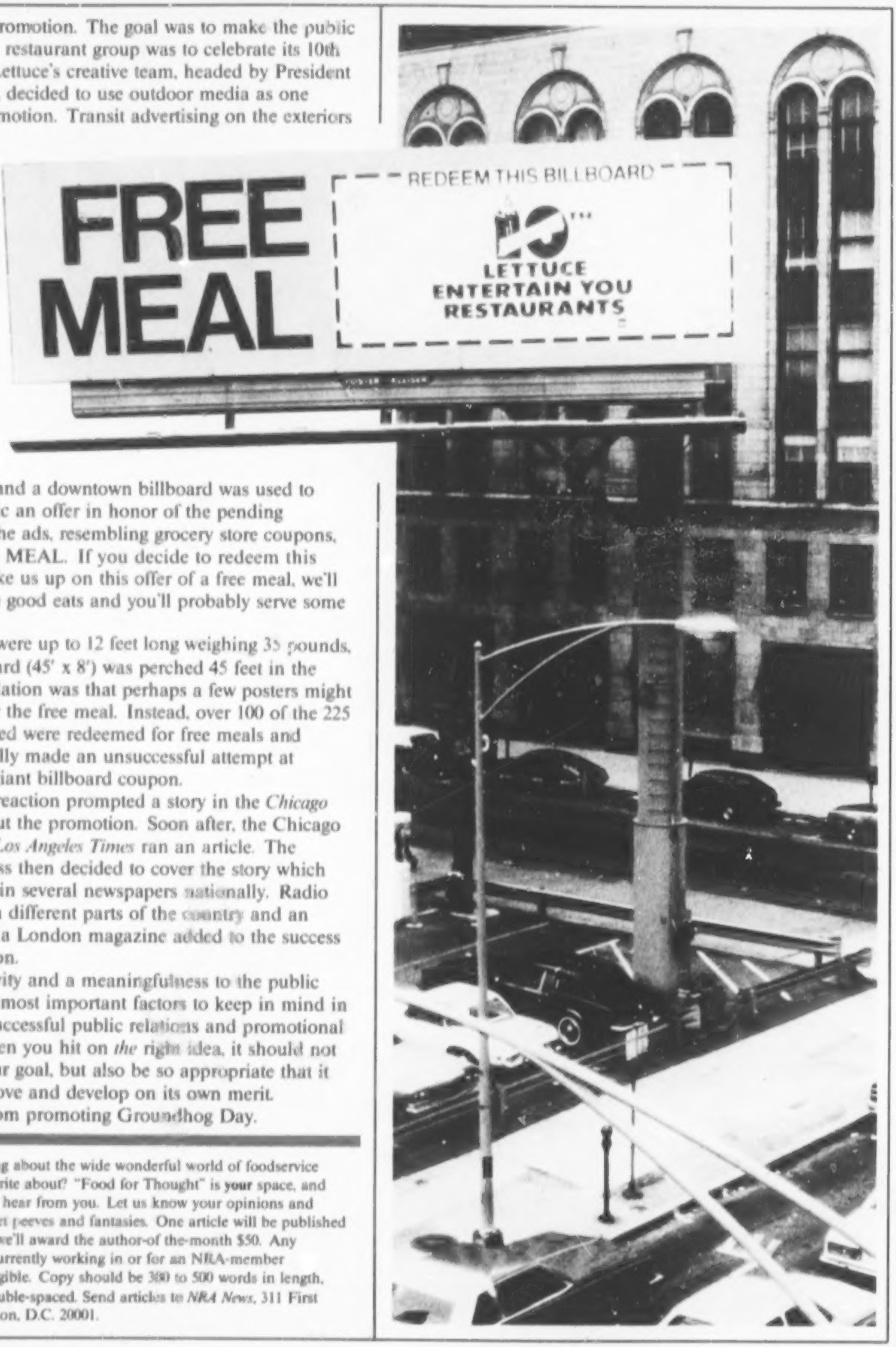
One of the keys to effective PR and promotion seems to involve an ongoing philosophy of logic combined with creativity in approach. The image of your operation, as perceived by the public, depends on the genuine nature of what you're promoting. Continued promotions, based solely on an attempt at increased sales or volume, can often be interpreted as a desperate measure by diners. Offering 50% off in honor of Groundhog Day could be dangerous from a PR standpoint, as well as ineffective.

When planning a promotion or public relations campaign, ask yourself the question: "Who will care about what I'm offering?" This seems to be important, not only from the customer's point of view but for media attention. Is the information about your operation really meaningful to the readers of reporters, columnists or reviewers? Putting yourself in the shoes of the editor, who would make the overall decision about a story or item being published, is sometimes very helpful.

Some promotions obviously are more effective than others. In a plan to increase gift certificate sales for Mother's Day a few years ago, Lettuce Entertain You featured posters with an unattractive photo of Joan Crawford, in her later years, with the headline: "Remember Mommie This Mother's Day with a Lettuce Entertain You Gift Certificate." Because of the controversy surrounding the late actress, reaction was surprisingly mixed. Some customers viewed the posters as an insult to motherhood. Others found them humorous, provocative and in line with Lettuce's creative approach.

A good example of a program that captured the public's imagination was the Lettuce Entertain You 10th

Anniversary promotion. The goal was to make the public aware that the restaurant group was to celebrate its 10th anniversary. Lettuce's creative team, headed by President Rich Melman, decided to use outdoor media as one avenue of promotion. Transit advertising on the exteriors of local buses and a downtown billboard was used to make the public an offer in honor of the pending anniversary. The ads, resembling grocery store coupons, stated: "FREE MEAL. If you decide to redeem this coupon and take us up on this offer of a free meal, we'll serve you some good eats and you'll probably serve some time."



The posters were up to 12 feet long weighing 35 pounds, and the billboard (45' x 8') was perched 45 feet in the air. The speculation was that perhaps a few posters might be returned for the free meal. Instead, over 100 of the 225 posters displayed were redeemed for free meals and someone actually made an unsuccessful attempt at removing the giant billboard coupon.

This public reaction prompted a story in the *Chicago Sun-Times* about the promotion. Soon after, the Chicago Bureau of the *Los Angeles Times* ran an article. The Associated Press then decided to cover the story which was published in several newspapers nationally. Radio interviews from different parts of the country and an interview from a London magazine added to the success of the promotion.

Logic, creativity and a meaningfulness to the public seem to be the most important factors to keep in mind in developing a successful public relations and promotional campaign. When you hit on *the* right idea, it should not only satisfy your goal, but also be so appropriate that it will seem to move and develop on its own merit.

Stay away from promoting Groundhog Day.

Is there something about the wide wonderful world of foodservice that you'd like to write about? "Food for Thought" is **your** space, and *NRA News* wants to hear from you. Let us know your opinions and suggestions, your pet peeves and fantasies. One article will be published in every issue and we'll award the author-of the-month $50. Any industry member currently working in or for an NRA-member establishment is eligible. Copy should be 300 to 500 words in length, typewritten and double-spaced. Send articles to *NRA News*, 311 First St., N.W., Washington, D.C. 20001.

SHOWTIME

Looking ahead to May, 1982, several things are certain about the upcoming 63rd annual NRA Restaurant, Hotel-Motel Show: it will feature expanded exhibit space, a new emphasis on kitchen equipment and top-notch culinary excitement.

Over a hundred new companies will exhibit their products on the Concourse (+7) Level of McCormick Place. To draw attention to this new exhibit area, the NRA will construct a working kitchen as the focal point. All through the '82 Show, this demonstration kitchen—enclosed in plexiglass—will be in operation.

In addition, the newest concepts in restaurant design will highlight the NRA Invitation Design Exposition, developed in cooperation with the Foodservice Consultants Society International (FCSI). For the event, entrants will be challenged to create an efficient kitchen in a fixed area (in terms of energy, productivity, cost and space) for a 125-seat restaurant. And, in a surrounding display, designs developed by top industry names will be featured.

According to convention management, the area will be a popular one, as show-goers look for design concepts for their existing kitchens and for restaurants on the planning boards.

More specifically, the NRA kitchen represents an important new service for Dealer attendees. In 1981, a record-breaking 23,100 dealers visited the Show, with the largest dealer category comprised of equipment distributors. Furthermore, results of last year's attendee survey showed almost two-thirds of this group were interested in viewing equipment.

One more group to benefit will be Operator attendees, who will have the opportunity to see both the newest concepts in efficient design and "live" demonstrations by some of the country's finest chefs.

Also featured is the second of three elimination tryouts for the 1984 U.S. Culinary Olympic Team. Chefs earning a gold medal in this trial will then be eligible for selection on the team. Organized in conjunction with the American Culinary Federation, continuous hot food competitions will take place in the NRA kitchen, each six hours long and involving at least four competing chefs.

The terms of the contest provide that participating chefs must first achieve a qualifying score in a cold food competition (entries of which will be displayed in a special section of the regular NRA Culinary Salon). Next, chefs will receive a box of food and have 30 minutes to examine the contents and create a four-course menu. They will then have 5½ hours to prepare that menu for service to judges and special guests, who will be seated in a dining area adjacent to the NRA kitchen.

Leading Chicago-area hotels and restaurants will supply actual table tops from their dining rooms, and professional waiters and waitresses from these establishments will provide the service.

Chefs will be rated by official ACF judges on their use of the food, their cooperative use of the kitchen facilities and the resulting dishes. Invited guests will be asked for comments and the chefs themselves will talk about the effectiveness of the kitchen facilities.

Finally, adding to the full range of culinary excitement, the traditional NRA Culinary Salon will once again be featured, showcasing the talents of chefs from around the world.

For information on 1982 culinary activities, contact the NRA Convention Department, 312/787-2525.

NRA's new demonstration kitchen is one of the many issues discussed at last month's convention committee meeting, led by NRA Convention Chairman Ted Balestreri (right) and Convention Director Tom Corcoran.

EDUCATION

NRA programs meet needs of today's restaurateurs

It's just an average day in the life of a restaurateur. You find out beef prices have just gone up again and you wish you knew more about *controlling food costs.* You wonder if you'd benefit by adding *super salads* to your menu, but you'd need some new recipe ideas; or maybe you should think about *improving food production.* But then you remember that a waiter and a dishwasher quit last night and you'd love to know the secret to *hiring hourly employees.* Is better *dining room management* or *basic supervision* the answer?

The restaurant business is tough and getting tougher. You are serving a more demanding public. You also have to stay on top of the latest, most productive and cost-efficient methods of operation. It means being a manager, an accountant and a negotiator; a menu planner, promoter, designer and salesman.

NRA educational programs can help you fill all those shoes. Over 35 programs were developed with your needs in mind: to save you time, money and hassle. Among the many subject areas covered are menu development, budgeting, baking, facilities planning, supervision, merchandising, catering, labor law, sanitation, employee relations and bar management. In addition, a number of special workshops in such exciting settings as Las Vegas and California's wine country are scheduled throughout the year.

If you've never attended an NRA seminar, you ought to know that

- You can zero in on a specific interest or concern. Qualified instructors get right to the point to ensure your valuable time is well spent.

- Topics are continually updated so seminars cover *today's* most important issues.
- NRA seminars come to you. Programs are currently being held in more than 65 cities throughout the United States and Canada.
- All fees are tax deductible. In addition, there's a special discount for NRA members.
- All programs entitle you to continuing education credit approved by one or more of the following organizations: the American Dietetic Association, the International Foodservice Executive Association and the Hospital Education Institutional Foodservice Society.
- You'll have the opportunity to meet with other industry professionals to share ideas and discuss mutual problems. In fact, most seminar attendees are individuals dedicated to continuing their educational development.
- There are programs geared for many different people in your organization: owners, managers, assistant managers, chefs, bartenders, buyers, designers, caterers and more. (See the accompanying seminar schedule for a listing of topics.)
- You can join NRA's Professional Development Program and receive an engraved plaque for your office. A one-time $30 membership fee entitles you to a seminar title plate each time you attend a program plus an advance notice of coming events.

But maybe the best reasons for attending NRA seminars come from those who have experienced them.

Tom Kershaw, owner of the Hampshire House in Boston, Mass., finds NRA seminars to be both relevant and timely. "They are specific to the industry and 'fine tune' skills which I learned through nine years of trial and error. Still today, they help me in developing my managers," he said.

Kershaw added that the length of

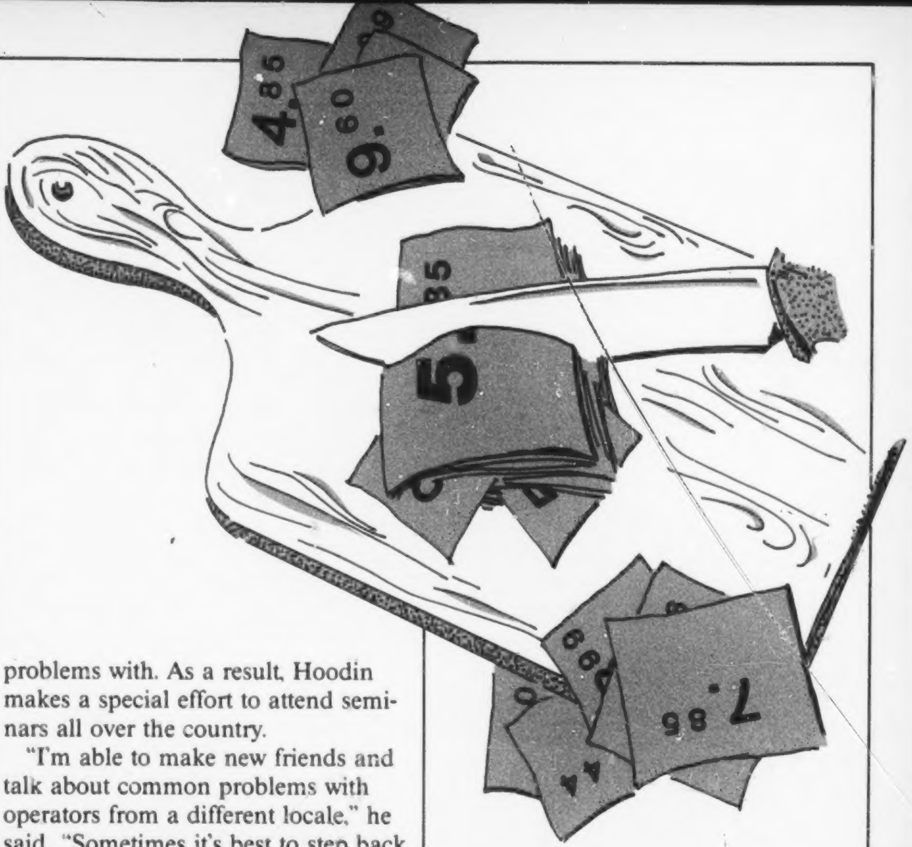
programs are accommodating and that materials provided are ready for immediate implementation. And on one occasion, information learned at a seminar made him realize he did not need a $20,000 piece of equipment he had planned to purchase. Instead, the institution of simple, inexpensive, yet effective controls would achieve the same results.

For David Hoodin, owner of Hoodin's Restaurants in Columbus, Ohio, NRA seminars have helped him throughout his 15 years in the business. "There have always been day-to-day problems I couldn't solve. I never had a formal education in hotel or restaurant management, but NRA programs allow me to take advantage of knowledgeable instructors who are leading industry educators," he said.

"In fact, if you tried to buy the information you get from these seminars, you'd have to pay 10 times as much."

Hoodin also said the role of the independent operator can sometimes be lonely. Often, there's no one in the restaurant to discuss operational problems with. As a result, Hoodin makes a special effort to attend seminars all over the country.

"I'm able to make new friends and talk about common problems with operators from a different locale," he said. "Sometimes it's best to step back from your own establishment and the daily routine to get a fresh outlook."



NRA SEMINAR SCHEDULE

Bar Management

Oct. 26-28	Detroit, MI
Nov. 16-18	Seattle, WA

Menu Development

Oct. 26	Cherry Hill, NJ
Dec. 3	San Francisco, CA

Creative Merchandising Techniques

Oct. 20	Williamsburg, VA
Nov. 2	Bangor, MI
Nov. 17	Toledo, OH

Practical Foodservice Sanitation

Oct. 22	Pasadena, CA
Nov. 12	Manchester, NH
Nov. 30	Irvine, CA

Practical Accounting for Foodservice Managers

Oct. 19	Chicago, IL
Nov. 5	Rochester, NY
Dec. 3	Scottsdale, AZ

Budgeting & Profit Planning

Nov. 2	Washington, DC

Controlling Food Cost

Oct. 26	Boston, MA
Oct. 28	Philadelphia, PA
Nov. 4	Louisville, KY
Nov. 16	Milwaukee, WI
Nov. 18	Minneapolis, MN

Controlling Labor Cost

Oct. 19	San Francisco, CA
Oct. 21	San Diego, CA
Nov. 4	Greensboro, NC
Nov. 16	Cleveland, OH
Nov. 18	Baltimore, MD

Controlling Beverage Cost

Nov. 12	Indianapolis, IN
Dec. 2	San Francisco, CA

Food & Beverage Operations Auditing

Nov. 10	Detroit, MI

Basic Supervision 1

Nov. 3	Hartford, CT
Dec. 1	Williamsburg, VA

Basic Supervision 2

Oct. 27	Scottsdale, AZ
Nov. 10	Cincinnati, OH

Creative Management Workshop

Oct. 26	Wichita, KS
Oct. 28	Dallas, TX

Hiring Hourly Employees

Oct. 19	Toledo, OH
Nov. 9	San Francisco, CA

Performance Review

Nov. 10	San Francisco, CA

Dining Room Management

Oct. 28	Rutland, VT
Nov. 17	Oklahoma City, OK
Nov. 19	Denver, CO

Improving Food Production Methods

Oct. 29	Cleveland, OH
Nov. 9	Kansas City, MO
Nov. 18	Denver, CO

Fish & Seafood

Nov. 11	Chicago, IL

Simplified Baking Workshop

Nov. 5	Atlanta, GA
Dec. 3	Newark, NJ

Soups & Sauces Workshop

Oct. 29	Denver, CO
Nov. 19	Houston, TX
Dec. 1	Irvine, CA

Super Salads

Oct. 21	Detroit, MI
Nov. 12	Pittsburgh, PA

Practical Meat Workshop

Oct. 22	Cincinnati, OH
Nov. 19	Williamsburg, VA
Dec. 2	Newark, NJ

Marketing for Profit

Nov. 30- Dec. 1	Honolulu, HI

Restaurant Design & Facilities Planning

Nov. 30- Dec. 1	Chicago, IL

How to Negotiate & Finance a New Operation

Oct. 19-20	Las Vegas, NV

Winning! Labor Law, Negotiations & Unions

Nov. 4-5	Newport Beach, CA

Hiring Managers

Nov. 9-10	Williamsburg, VA

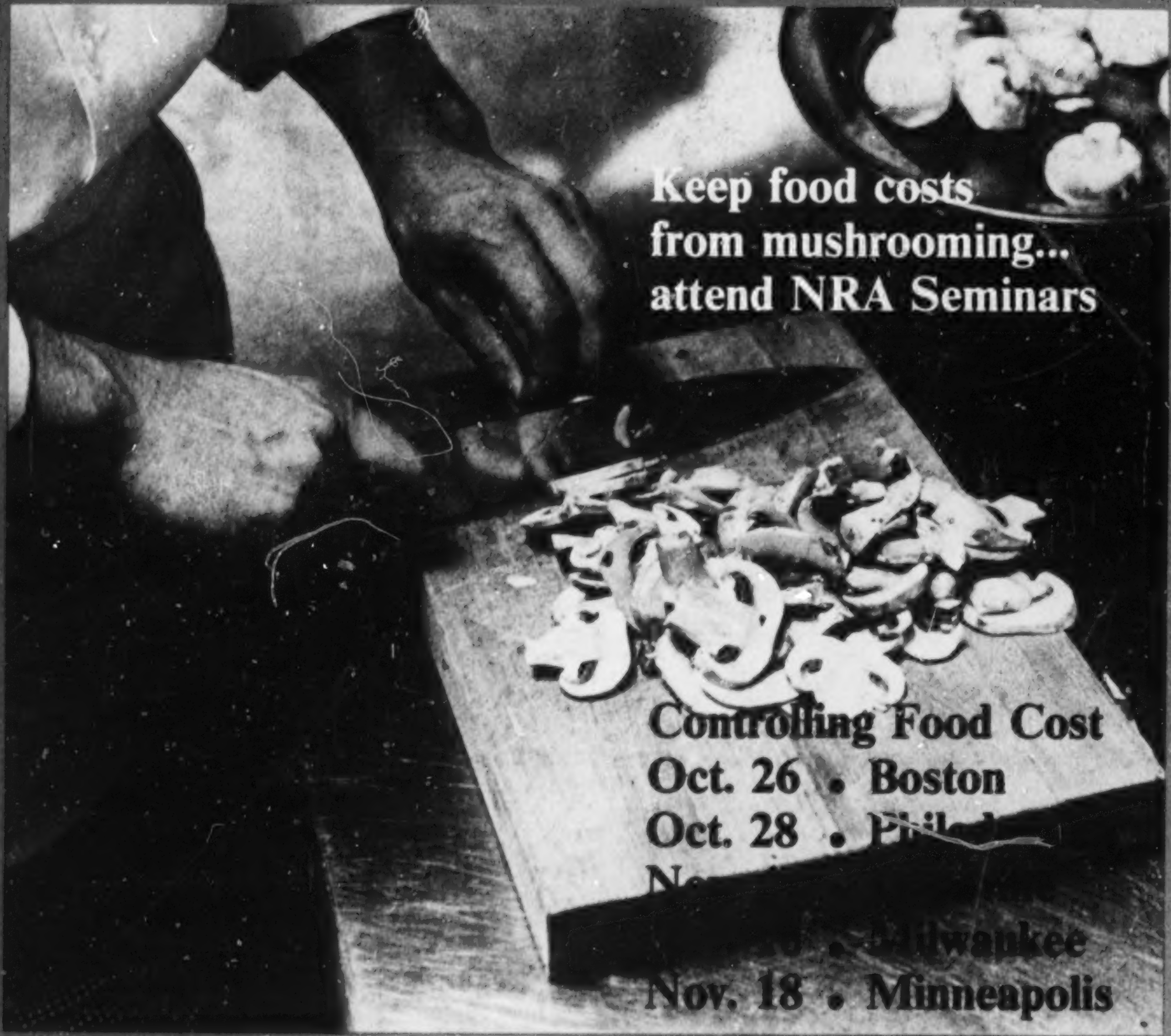
Off-Premise Catering

Nov. 2-3	Seattle, WA
Nov. 16-17	New Orleans, LA

National Conference on Food Purchasing

Nov. 2-4	Chicago, IL

For more information contact:
Sharon Garner-Merrill, Registration Secretary
NRA's Chicago Office 312/787-2525



Keep food costs
from mushrooming...
attend NRA Seminars

Controlling Food Cost
Oct. 26 . Boston
Oct. 28 . Phil[illegible]
No[illegible]
[illegible] . Milwaukee
Nov. 18 . Minneapolis

NRA NEWS

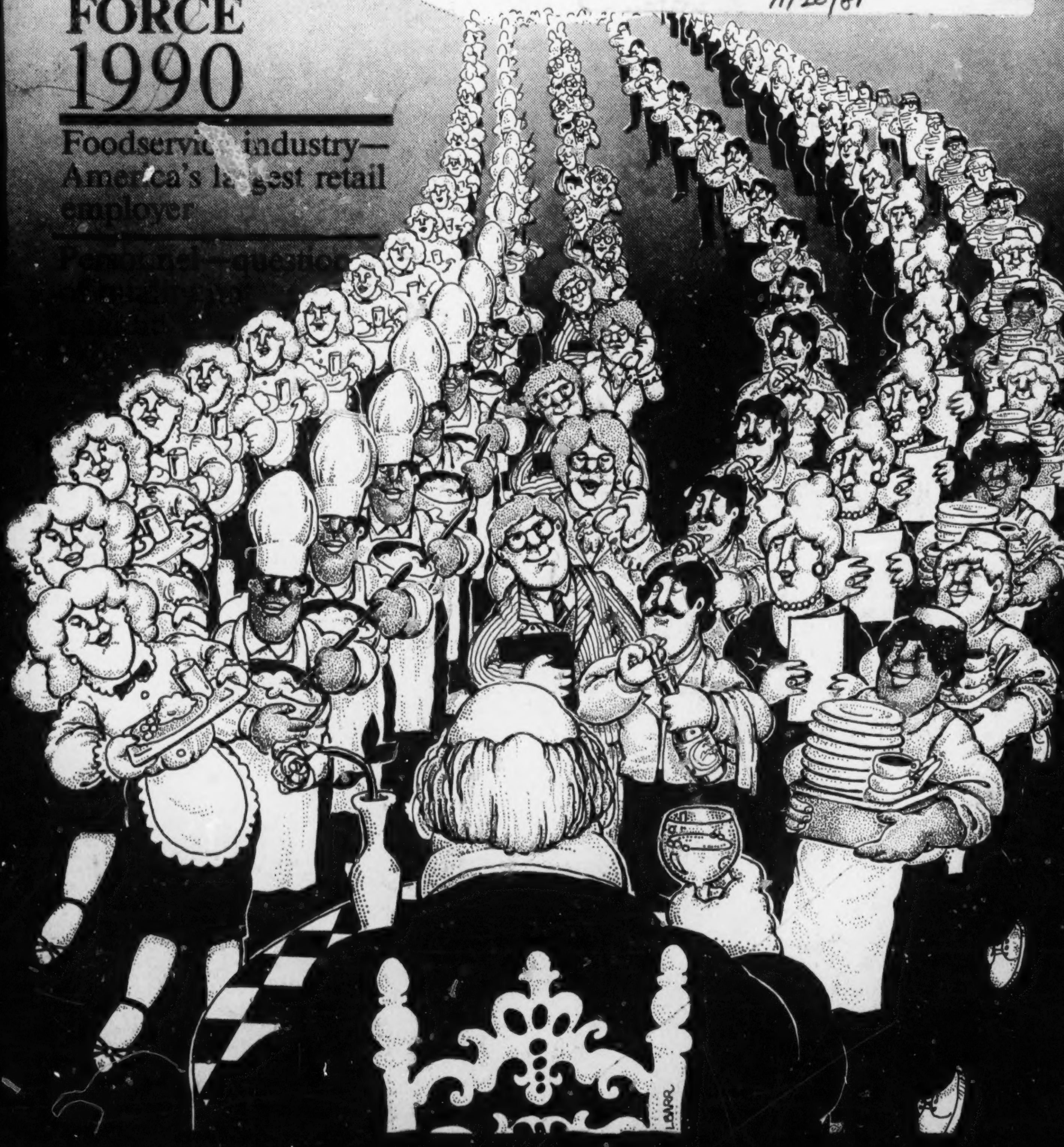
National Restaurant Association
Vol. 1 ☐ No. 2 ☐ November 1981

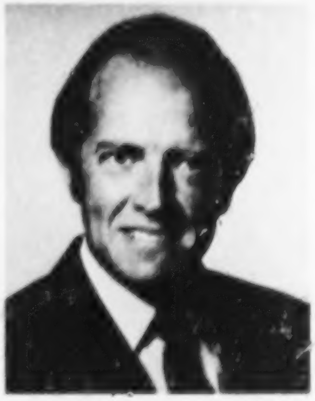
/ A 8200-1
11/20/81

LABOR FORCE 1990

Foodservice industry— America's largest retail employer

Personnel—question [illegible]





An outline of activities

This second issue of our new publication provides a good outline of the range of activities in which NRA is involved. By combining the *Washington Report, Foodservice Trends* and the tabloid *NRA News* into this one publication, we can supply a complete monthly review of a full-service trade association which offers a wide variety of services in education, research and public affairs.

Too often NRA members talk about their association in terms of one activity only. "NRA runs a fantastic show in Chicago every year," one says. "I get to see all the new products of food and equipment suppliers."

Yet another member comments, "NRA runs an excellent education program with seminars, conferences and briefings brought to my area. A new tax law is passed, and immediately they offer a briefing about its effect on me."

Still another member sees NRA as a source of facts and figures which reveal economic trends and changes in eating patterns. "The association is my research department, helping me plan my own marketing activities."

And to another, the association is primarily a lobbying operation. "Thanks to NRA, I'm beginning to see a reduction in regulation," he says. "Someone is representing my interests in Washington."

But NRA is more than just a show, a research and education program or a political voice. It combines all of these activities together. The research division locates the opportunities and problems which will require new educational seminars and qualifies the effect of proposed legislation. The government relations effort is intended to eliminate obstacles to the efficient operations taught in our seminars and measured by our research division.

I could go on illustrating this interaction, but the point should be clear. As NRA Chairman Walter Conti has pointed out, "Our strength is our diversity." I invite you to read this publication carefully to get some sense of the range of NRA activities and then begin to utilize the wide variety of services we offer.

Sincerely,

Robert E Bradford

Robert E. Bradford
President

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
President
Robert E. Bradford
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Director of Publications and Editor
Steven J. Dahllof
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Sections Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Joan E. Campbell
Gayle L. Christensen
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
Elaine A. Raffel
James T. Rogers
John R. Rolfs
Rachel A. Zachary

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600, Chicago, IL
60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright © NRA 1981, all rights reserved. Postmaster: send address change to *NRA News*, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Special

Human resources will continue to be one of the industry's major challenges during the 80s. This month's *NRA NEWS* takes a look into industry employment during the next 10 years.

18 Employment projections for 1990—how many and in what areas?—Foodservice Trends

34 A new breed of management employees—what are the qualifications employers are looking for?

Departments

Washington Report 4 1981 Farm Bill—Capitol Hill is about as far away from farm country as 5th Ave., but the halls of Congress are alive with debate over the future of farm price supports. What happens in Congress will affect the prices of major farm commodities for the next four years. Additional articles on Washington events affecting you—page 6-10.

The Law 11 NRA releases state minimum wage chart. Federal government may be responsible for the cost of legal action.

The Board Room 12 NRA Chairman Conti receives Public/Private Partnership Award for a NRA program which promotes the hiring of mentally restored people. Board meeting in Pennsylvania sets agenda for association activities.

Chairman Conti

State Department 15 State legislation threatens the manner restaurateurs do business.

Foodservice Trends 16 August travelers spent $7.9 billion in U.S. restaurants.

20 Results from new CREST study released—restaurateurs find out who is eating where.

23 Commodity spotlight.

29 New study indicates U.S. wine consumption continues to increase.

Sections

Short Order 2

At Your Service 31

Bill of Fare 32 Planning for the Holiday crowds. How to get them and how to keep them.

Tastemakers 36 Find out the importance of self awareness in restaurant management.

Hot off the Press 38

Public Health and Safety 40

SHORT ORDERS

Industry internal auditors provide vital function

The second meeting of the industry internal audit group was held in Atlanta, GA on Sept. 17-18, 1981.

Tom Czosnowski of Victoria Station, Larkspur, CA, led a group discussion on functional and line reporting responsibilities of the internal audit department, educational opportunities for internal auditors and auditing of franchise units.

According to Czosnowski, the importance of internal auditors has grown in the past 10 years because most national and regional companies have come to rely on the expertise of their own auditors. "Internal auditors are exposed to a wide range of company policy and procedure which make them prime candidates for promotion to the highest level of management," he added.

The next meeting will be held in Phoenix, AZ, March 11-12, 1981. These meetings are open to internal-audit managers and internal auditors of NRA member companies. For more information contact Philip Kralovec, (312) 787-2525.

NRA expands solicitation list

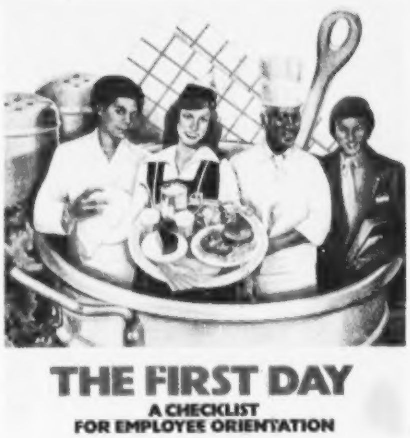
NRA members may wonder why they receive NRA member solicitation material in the mail. The membership department uses various sources to obtain lists of restaurateurs and foodservice operators who are not members. Before these lists are used for an NRA solicitation, many cross-checks are made in an effort to eliminate current members. Frequently, the lists include restaurant owners' names with no reference to the restaurant name or vice versa. Therefore, names do not always match up with NRA computer lists of current members, so current members names are not deleted from the solicitation list.

The membership department has reduced the number of members who mistakenly receive solicitation mail. But if this should happen to you, please pass along the membership material to a non-member in your area. Help us turn these duplicate mailings into new NRA members.

New NRA training guide to help develop career employees

It takes eight hours to prepare a good pot of beans. Will you spend that much time preparing your new employees? A new NRA publication, *The First Day*, stresses the importance of employee training.

The pamphlet develops a checklist to help restaurant managers and owners guide new employees through the details of what is expected of them and what they can expect from management. "We want people to feel a part of their organization from the day they begin. Through education we hope to develop career people," explained Ernest H. Royal, chairman of the NRA Human Resources Committee, which was responsible for preparing the pamphlet.



Most employees who fail, do so because they don't get enough information from management right from the start, according to recent industry studies. Excessive employee turnover can slow down productivity, increase customer complaints and take up valuable time. The approximate cost to find, place and train each new waitress is $300. To do the same for a cook is $2,000, and a management trainee will cost you $3,000 to train.

The First Day will aid management in getting employees off to a good start. The pamphlet will also help managers organize all the subjects which should be covered during a new employee's orientation. Ideally, the new employee will begin by thinking of a job in the restaurant industry as a career.

Copies of *The First Day* can be ordered through the NRA's educational materials department in Washington, D.C. Price is $1.50 each; discounts are available on orders of 12 or more.

NRA sponsors annual menu competition

Entries are now being accepted for the 1982 NRA Great Menu Awards competition. Operators from around the world have already started sending in their entries, which represent all types of foodservice establishments.

Menus will be judged for overall appearance, selling power, readability and originality. The deadline for submitting menus is Mar. 19, 1982. For more information or additional entry forms, contact Elyse Cuttler at NRA, (202) 638-6100.

Membership insurance plans provide tailor-made coverage

The membership department would like to remind members of the opportunity to apply for coverage under NRA's various insurance plans.

The NRA Group Term Insurance plan offers up to $100,000 in low-cost term life insurance with the added option of a $5,000 policy for your spouse and $2,500 coverage for each of your children. A special yearly discount will bring you even more savings.

The NRA Disability Income Insurance plan is designed for flexibility to meet your individual situations. Members pay only for the coverage they need.

Supplemental group insurance is offered with economical rates to members through the NRA Money In-hospital plan. It will pay $25, $50 or $75 directly to you, depending on the coverage you select, for each day you are hospitalized—up to one year.

For detailed information, contact Albert H. Wohlers and Co., 1500 Higgens Rd., Park Ridge, IL 60068.

Farming—the heartbeat of America

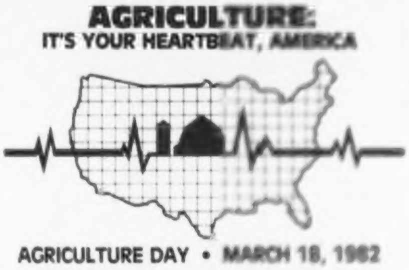
Agriculture Day, billed as a celebration of our nation's largest and most important industry, is scheduled for Mar. 18, 1982.

Coordinated by volunteers from agriculture and agribusiness, Agriculture Day 1982 promotes farming as the nation's heartbeat.

Educational and promotional tools, supplied by the Agriculture Day Foundation, sponsored in part by the Agriculture Council of America, include place mats, an IQ quiz on agricultural products and camera-ready art on farming facts.

The red, white and blue place mats explain that America's 560,000 restaurants are an integral part of the entire food distribution system.

For more information on Agriculture Day, contact the Agriculture Day Foundation, P.O. 23421, Washington, DC 20024.


AGRICULTURE:
IT'S YOUR HEARTBEAT, AMERICA
AGRICULTURE DAY • MARCH 18, 1982

Official theme and symbol for Agriculture Day 1982

Japanese study productivity in U.S. foodservice industry

Even though the Japanese are known as the world's experts in productivity, they are still looking to the U.S. for examples. Twenty foodservice operators from the Japanese Management Association spent 10 days last month touring U.S. institutional foodservice operations.

Large-scale institutional foodservice in Japan is largely done through caterers because the Japanese have been somewhat unsuccessful in turning institutional facilities into customer-oriented operations. According to one of the Japanese visitors, their menus offer little variety. Their productivity levels are also low because food is still prepared in what they referred to as conventional methods—that is, with skilled labor using mostly gas stoves.

NRA sponsored a day-long tour for the Japanese executives of the House of Representatives foodservice facilities. Rep. Ed Jones (D-TN), chairman of the House Administration Committee, which oversees the operations of the House foodservice facilities, hosted a lunch in the Cannon House Office Building for the Japanese before their tour of the House restaurants, cafeterias and take-outs which, combined, serve nearly 17,000 meals a day. Rep. William Dickinson (R-AL) also attended the lunch.

The executives, mostly from hospital, university and industrial foodservice operations, arrived in Washington armed with questions about the size, scope and problems in U.S. organizations.

NRA staff in Washington, including Robert Neville, NRA general counsel; Ruth Tracy, corporate secretary; David French, director of public relations; Jim Rogers, director of state relations and Walter Ashcraft, director of human resources, went along on the House tour led by Ann Walker, manager of the facilities.

During their 10-day visit the Japanese toured the University of Maryland, Bell Telephone Laboratories, Motorola, Inc., University of Indiana and United Airlines.

Although most of the world seems to be taking their productivity cues from the Japanese, an article in the Oct. 19 *Business Week* indicates that the Japanese are indeed keeping a close eye on American business methods. The number of Japanese MBA students studying in the U.S. continues to increase, according to admissions offices at American business schools.

Chef in the U.S. House of Representatives' Longworth cafeteria explains operations of equipment to a member of the Japanese Management Association tour group.

WASHINGTON REPORT

NRA defeats expensive farm bill provisions

Recent lobbying efforts by NRA in Washington have helped reduce federal spending on many costly 1981 Farm Bill provisions. Federal dairy and sugar price support programs, if enlarged or even maintained at their current levels under the new Farm Bill, could substantially increase the price foodservice operators pay for sugar and dairy products. Proposed regulations on imported meat inspection and labeling could nearly cut off foreign meat imports.

The bill is extremely important to the foodservice industry because it will dictate federal policy for agriculture programs for the next four years.

The Farm Bill is revised and reenacted every four years by Congress and although the 1977 Farm Bill expired on Sept. 30, 1981, no 1981 Farm Bill has received final approval. The House and Senate each have separate versions of the bill. A Conference Committee made up of members from the House and Senate Agriculture Committees was expected to settle differences between the two bills as this issue of *NRA News* went to press.

The Senate version of the bill would cost the federal government $10.8 billion over the next four years, while a much more extravagant House version would reportedly cost at least twice that amount. President Reagan is said to be willing to support the Senate version even though it is $1.8 billion over the administration's budget goal.

When Secretary of Agriculture John R. Block initially unveiled the administration's proposed Farm Bill, he made it clear that the administration's two major goals were to reduce federal spending and simplify the present program.

As the 1981 Farm Bill began to take shape on Capitol Hill, Congress questioned the number and scope of farm programs which have been considered institutions. Most farmers realized that their programs were in jeopardy when they witnessed the elimination of the mid-year increase in 1981 dairy price supports last April. NRA supported the price support cutback, agreeing with Congress that government expenditures for this program had reached a point where they were an inflationary burden on the economy. So far, it seems that the April elimination was the first step in a general reduction in costly federal farm programs.

Dairy support levels reduced...

Early this fall, NRA and state restaurant associations, as well as individual members of the restaurant industry, strengthened lobbying activities in an effort to cut back or eliminate expensive farm support programs from the 1981 Farm Bill. One important NRA victory came when the Senate adopted a dairy price support program less expensive than the one now in use.

Why isn't your milk glass full?

The proposed increase in dairy price supports could raise the price of milk by three cents per gallon.

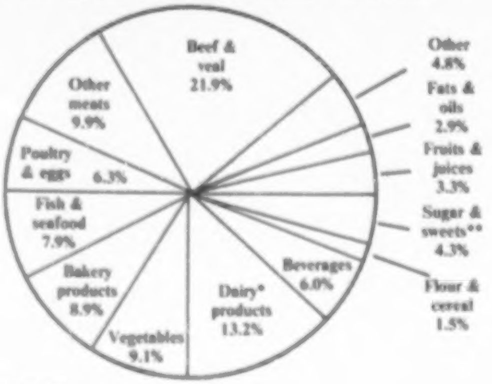
The Senate passed an amendment sponsored by Sen. Roger Jepsen (R-IA) that if enacted will lower the percentage of parity used to determine dairy price support levels. Jepsen's amendment would set prices at 70 percent of parity rather than at the 80 percent level required by a 1979 amendment to the Agricultural Adjustment Act. The Jepsen amendment would also replace the twice-yearly adjustments required by the 1979 law with an annual adjustment. The support level under this amendment could drop below 70 percent if government expenditures are projected to be more than $750 million for a year.

The government is projected to spend more than $2 billion on the dairy program in 1981. Jepsen explained that his measure would save the government $1 billion over the next four-year period.

NRA estimates that the Jepsen amendment would save the foodservice industry from $400 to $600 million through 1985. (See chart for a comparison with other commodities.) Studies show that about 13.2 percent of all restaurant food purchases are for dairy products, including bottled milk, cheese, butter, as well as ice cream, yogurt and cottage cheese. In 1980, milk product purchases cost the industry approximately $7.1 billion.

The House version of the Farm Bill is not as favorable as the Senate bill. Originally it included a dairy price support provision that called for a parity level of not less than 75 percent, with twice-a-year adjustments to maintain that level as long as purchases did not exceed 5.5 billion pounds of dairy products in one year.

How the operator's food dollar is spent



Source: *The Food Service Industry*, USDA

***Note:** Butter is included with dairy products rather than fats and oils.

****Note:** Sugar and sweets includes direct use of all sweeteners. The foodservice industry is estimated to use 300,000 tons of *sugar* (direct) and 800,000 tons of *sugar* (indirect in baked goods, dairy products, beverages and soft drinks). It is estimated that the foodservice industry used 10 to 11 percent of total U.S. *sugar* consumed (direct and indirect) in the U.S. during 1980.

NRA and other food groups made an effort to have the Senate amendment substituted for this expensive House provision. It was introduced by Reps. Paul Findley (R-IL) and Barney Frank (D-MA), but voted down in favor of a compromise amendment introduced by Rep. Berkley Bedell (D-IA). The Bedell amendment to the Farm Bill passed the House easily on Oct. 7 by a vote of 400 to 14.

Though the Bedell language is not NRA-supported, it is still better than the original House version. The Bedell amendment would gradually increase the parity level from 72 to 75 percent within the four years, but more important it would eliminate the twice-yearly adjustments and require that parity never exceed 75 percent. Under the proposal, parity could drop as low as 70 percent, if the amount of milk purchased by the government exceeds 3.5 billion pounds in a given year.

House dumps sugar provision...

Both the House and Senate bills originally included provisions for creating a new loan program that would support raw sugar on the farm at 19.6 cents per pound. Under the 1977 Farm Bill, there was no loan program for domestic sugar growers who under existing conditions have maintained their market share against imports.

Vigorously opposed by NRA and many consumer groups, a sugar loan program could cost consumers as much as $3 billion in 1982. The restaurant industry could pay an additional $240 to $300 million. NRA estimates the foodservice industry used 10 to 11 percent of the total U.S. sugar consumed in 1980.

NRA joined other food and consumer groups in lobbying against this program in the House. An NRA-supported amendment introduced by Reps. Peter Peyser (D-NY) and Margaret Heckler (R-MA) called for the elimination of the entire sugar provision. This amendment passed by a narrow margin—213 to 190.

Unfortunately, on the Senate side, sugar growers prevailed. Although the Senate lowered the loan program, it adopted language that would provide for a substantial program beginning Oct. 1, 1982. Under the program, raw sugar would be supported on the farm at 18 cents per pound, rising each year in increments of half a cent to 19.5 cents in 1985.

During the debate on the sugar program in the Senate, two unsuccessful attempts were made to make the program less expensive to consumers. Sens. Dan Quayle (R-IN) and Paul Tsongas (D-MA) offered an amendment to delete the sugar program entirely. The amendment was tabled 61 to 33. Sen. Gordon Humphrey (R-NH) offered an amendment which would have set the floor at 16.5 cents per pound. This amendment was also tabled by a vote of 64 to 30, and the House and Senate were left with two extremely different versions regarding sugar programs.

Labeling requirements for imported meat dropped...

Restrictive legislation introduced in both the House and Senate that would have required labeling of imported meat was not adopted as part of the Farm Bill. NRA and the U.S. Department of Agriculture (USDA) opposed bills introduced by Sens. Max Baucus (D-MT) and Larry Pressler (R-SD) and by Reps. Bedell and Thomas Daschle (D-SD) that would have required products made from imported meat, including hamburgers and hot dogs served in restaurants, to be labeled imported. Restaurants would have had to post signs or indicate on their menus that imported meat was served on their premises. Fines up to $100 per day could have been imposed if they did not comply.

NRA lobbied hard against this issue, noting that such provisions would be costly, unnecessary and nearly impossible to implement. The South Dakota Restaurant Association was able to persuade Rep. Daschle to exempt restaurants from labeling requirements in his measure.

Although these labeling provisions were not amended into either the House or Senate Farm Bill, both houses did pass amendments that would stiffen inspection standards for imported meat. These amendments could, if enacted, significantly curtail meat imports to the U.S.

The Senate's imported meat amendment, introduced by Sen. John Melcher (D-MT), passed by a voice vote on Sept. 17. The Senate measure—more restrictive than the one eventually passed in the House—would not allow importation of products that have been produced using agricultural chemicals, animal drugs, or medicated feeds which are not currently approved for the same use in the U.S.

NRA opposes this amendment, which according to the USDA, would virtually eliminate all meat imports. The amendment assumes that all agricultural chemicals, pesticides and animal drugs not approved for use in the U.S. are public health hazards. However, USDA explains that this is not the case since foreign growing climates, agricultural techniques and economic conditions may require the use of chemicals not needed or used in the U.S.

The Senate amendment also would constitute a non-tariff trade barrier and could result in other countries establishing similar barriers against U.S. exports.

According to USDA, these new restrictions are not needed. Current laws already require that foreign countries with plants preparing meat for export to the U.S. maintain an inspection program at least equal to that established under U.S. laws and regulations. USDA administers a comprehensive inspection program that includes on-site inspections at foreign plants and at port-of-entry.

This measure passed by the Senate would have a detrimental affect on the restaurant industry. If all imports are eliminated, beef prices could be expected to rise by nine percent and hamburger prices by 25 percent in the first year.

In 1980, the United States imported $2.3 billion worth of meat and meat products, or about seven percent of the total U.S. meat supply. Of that total amount, beef imports accounted for $1.8 billion, pork imports for $486 million and other meats for $75 million. About half the amount of imported meat is used in the manufacture of processed foods such as hamburgers, hot dogs and bologna.

In the House, a measure similar to the Melcher amendment, introduced by Rep. Glenn English (D-OK), was passed by a vote of 211 to 168. NRA also opposed this amendment, as did USDA.

The English amendment is slightly less restrictive than the Senate version, and it alleviates some of the concerns expressed about the Melcher amendment. However, it still would restrict the importation of foreign meat.

The December issue of *NRA News* will cover the outcome of the House/Senate Conference Committee on the 1981 Farm Bill.

Energy tax credit may act as energy saving incentive

The foodservice industry will be able to claim up to 20 percent in tax credits for installing energy-efficient equipment if the NRA-supported commercial tax credit act passes Congress.

The Commercial Business Energy Tax Credit Act of 1981 (S. 1288) was introduced in the Senate by Sen. David Durenberger (R-MI) and recently in the House by Rep. Wyche Fowler (D-GA).

NRA member Fred Krautkramer, owner of Boder's on the River in Mequon, WI, testified on Oct. 19 before the Senate Finance Subcommitte on Energy and Agricultural Taxation, explaining that the bill will increase conservation and reduce energy costs for restaurants and other small commercial businesses.

Krautkramer appeared before Senate members as part of a panel of commercial energy users. Also on the panel were representatives from the American Hotel and Motel Association and the Food Marketing Institute.

An electrical engineer, as well as a restaurant operator, Krautkramer explained to the subcommittee that his small restaurant uses as much electricity as a neighboring 70-home subdivision. His own energy conservation efforts have lowered energy use per customer by 30 percent at a cost of $6,000 while achieving savings double that in four years.

Krautkramer, the third-generation owner of the 52-year-old restaurant, told the Senate panel, "Taking my one small establishment as an example, there is a great deal of energy to be saved in the commercial sector. The foodservice industry alone is estimated to use two percent of the nation's energy. If we figure a 20 percent savings factor under S. 1288, the foodservice industry could save the equivalent of approximately 60 million barrels of oil annually."

If the act becomes law, the commercial sector could take a 20 percent tax credit for the purchase of energy-saving equipment.

The bill would provide investment-type tax credits for purchase of numerous energy-saving devices, such as insulation, energy management systems, energy redistribution systems, improved refrigeration and other energy-efficient foodservice equipment.

An economic analysis of the bill shows that its adoption would save approximately 715 million barrels of oil equivalent over the life of the bill, increase annual investment in energy conserving equipment by 30 percent and provide an annual credit to businesses of about $1.6 billion while providing the federal government $895 million in new revenue each year. At today's prices, the restaurant industry alone could shave $1.5 billion a year from its $7 billion annual utility bill.

Congress has already provided energy tax credits to the residential and industrial sectors but has neglected to do the same for the commercial sector, which consumes about 16 percent of all energy used in the U.S.

NRA member Fred Krautkramer testified in support of the commercial energy tax credit bill before a Senate Finance Subcommittee. Krautkramer is an independent restaurant owner and an electrical engineer.

Pro-tourism bill gets President's approval

Acknowledging the importance of tourism to the U.S. economy, President Reagan signed the National Tourism Policy Act on Oct. 16, 1981. "Passage of this pro-tourism legislation is a victory for both the restaurant and the travel industries," stated NRA President Robert E. Bradford. NRA has spent years working on this legislation in hopes of encouraging more travel in the U.S.

Official after eight years in the making, the new policy creates the U.S. Travel and Tourism Administration (USTTA) with an $8.6 million budget in 1982. It also abolishes the $8 million U.S. Travel Service (USTS) set up in 1973.

The White House announced that it intends to nominate Peter McCoy for under secretary of Commerce for Tourism. McCoy is currently deputy assistant to the President and staff director for Nancy Reagan.

The act incorporated strong language defining the tourism and travel industry as important to both the U.S. economy and well being of its citizens. One of the major goals of the new policy will be to eliminate unnecessary trade barriers to the U.S. tourism industry, thereby encouraging more foreign tourists to visit the U.S. It will also encourage competition in the industry and insure the compatibility of tourism and recreation with other national interests, such as energy development and conservation.

Fred Bush, currently assistant secretary of Commerce for Tourism, told *NRA News* that the new policy on tourism will be a valuable tool for "educating lawmakers of the importance of travel and tourism." Title I of the act, Bush stated, will insure that the industry gets the recognition it deserves to develop a constituency that has long been absent in policymaking.

Special council to oversee government policy...

A special council will be set up to coordinate the more than 100 federal programs in over 50 agencies that affect travel and tourism. A travel and tourism industry advisory board is also established by the act. The board will lend expertise and provide insight to problems facing the industry.

The new administration will help make sure tourism "isn't put on the bottom of anybody's priority list," stated Bush.

Bush said he hopes the new administration will accomplish two major goals. One is to upgrade the data collection the Department of Commerce does on tourism. "It's very poorly run now," Bush said. "We're not getting the statistics we need...."

"The second goal is to supplement our budget with cooperative efforts from the private sector," he said. "We'll going out to industry and say in effect, 'Put your money where your mouth is.' We'll get the industry involved in advertising efforts and also in our new U.S.A. Coalition concept."

U.S.A. Coalition to ask industry for help...

Bush said that the U.S.A. Coalition is a pilot promotional project designed to tap markets where the U.S. Travel Service has not had a presence, using primarily private advertising dollars. One such market that is now being investigated is Venezuela, which according to Bush is the sixth largest U.S. market for foreign tourists. "Our plan is to put together a package to attract more Venezuelans to this country, using the resources of the airlines, hotels and restaurants," he said. "This is a good place for us to start because we don't have an overseas office there, and, therefore, we can easily measure our results."

Other ideas for private involvement include getting sponsors for books and pamphlets on U.S. tours and exhibitions and printing U.S. maps. "Something as mundane as a map of the U.S. is very important for our industry. We're constantly running out of them, and a U.S. map is the single most requested item overseas," Bush said.

NRA Associate Director and President of Hilton's Hotel Division, William H. Edwards (left), met with Assistant Secretary of Commerce for Tourism Fred Bush, to discuss the objectives of the newly created U.S. Travel and Tourism Administration (USTTA). Edwards is one of two NRA exchange directors from the American Hotel and Motel Association.

Part of the job of the Tourism Administration will be to educate the industry to the needs of foreign visitors and to help the industry realize the huge revenue potential tourism represents. "For example, there are things that a single restaurant can do to attract tourists. (See this month's At Your Service section.) These things include having menus printed in different languages, teaching employees to speak a few simple phrases of welcome, or working with the local Chamber of Commerce to make sure foreign visitors know about your restaurant. These are things that can make a difference," he said.

Tourism boosts food industry receipts...

Tourism, Bush noted, is particularly important to the foodservice industry. Last year tourism and travel dollars accounted for approximately one-third of total foodservice sales of $114 billion. In fact, the biggest single item in the travel budget of overseas visitors to America in 1980 was the purchase of food in restaurants and other foodservice establishments.

The new act will prohibit reduction in the funding and personnel levels of the existing six overseas USTS offices responsible for promotion of tourism to the U.S. A provision which prohibits the USTTA from issuing regulations affecting the industry is also included.

Rep. Hiler discusses small business

Industry to get relief from government regulations

With President Reagan's probusiness policies, a conservative Congress and an extremely generous tax bill recently enacted, small businessmen are beginning to notice some changes in Washington.

Six of the 15 recommendations made by businessmen at the 1980 White House Conference on Small Business have already affected government policy. Many of the remaining nine are now under consideration by Congress.

Three major recommendations from the White House conference were incorporated into the Reagan tax cut act: reductions in corporate tax rates, accelerated cost recovery and substantial revision of gift and estate tax laws.

Over 80 percent of NRA's membership is classified as small business, therefore, NRA News *decided to talk to Rep. John Hiler (R-IN) about the numerous small business issues now taking shape on Capitol Hill.*

Hiler's family owns and operates a foundry in LaPorte, IN, where he served as marketing director prior to his election to Congress in 1980. Hiler serves on the Small Business Committee, Subcommittee on Energy, Environment and Safety Issues Affecting Small Business and Subcommittee on SBA and SBIC Authority, Minority Enterprise and General Small Business Problems. Hiler is also a member of the Center for the Defense of Free Enterprise and the Congressional Travel and Tourism Caucus.

NRA: This summer Vice President Bush announced that the administration plans to look closely at regulations which are burdensome to small business. What proposals can we expect to see in this area as a result of White House and congressional initiatives?

Hiler: One of the things we will begin to see is an effort on the part of the government to provide small business with exemptions from particularly costly and burdensome laws and regulations. For example, Vice President Bush, who is chairman of the President's Task Force on Regulatory Relief, has recommended that we exempt small business from equal employment opportunity laws that require businesses to file affirmative action plans.

Under the administration's proposal, a small business that meets certain criteria would not have to write an affirmative action plan and do all the things entailed in that. Rather, a small business would only have to affirm that it does not discriminate in its employment practices.

This is the kind of thing we will begin to see more and more frequently. Congress now realizes that many regulations affect small business differently than big business. How proposed regulations affect different sectors of the business community, therefore, will become an important consideration when drafting new regulations.

I think we will also see a move in Congress to include cost-benefit analysis as a routine part of the regulatory process. We're also looking at the one-house veto concept, which would allow either the House or Senate to eliminate burdensome regulations before they become law.

Q: Currently, one of the major concerns of small business is the level of interest rates. Do you expect anything may happen which will help lower rates in the near future?

A: I think that within a year we will see a substantial reduction in interest rates, although they still will be much higher than anyone would like. I predict that in about six months the prime rates will be in the 15 to 16 percent range. This drop would be quite a decrease from where the rates have been.

But there are a couple of things that have to be done before this can happen. First, we have to be sure that the federal deficit remains as low as possible. Second, before rates can come down, the President's economic recovery program has to be in full swing. This means we have to accept the fact that there will not be significant improvement until fiscal 1983. Many of the budget reductions we have already passed will begin to take hold and the tax cuts will begin to filter through the economy by that time. After that, people and businesses will have more of their own capital to spend, so they will not have to borrow as heavily from the credit markets. That, in turn, will relieve some of the demand on the markets.

Q: What are the effects the federal deficit has on the credit markets?

A: Because of our large deficits, we will have a relatively tight money supply for some time. I think it is important that we do keep it tight, which means a lower growth rate than what we have had in the past.

At the same time, we need to reduce federal borrowing and increase the amount of money available in savings. Net savings in the U.S. today amount to about $170 billion. Nearly half that amount—$80 billion—will be borrowed by the federal government to finance the national debt. This is what is crowding our borrowers and pushing up interest rates.

The tax act we have enacted will provide tremendous incentives for savings and investment, which will boost that $170 billion. At the same time, the administration will begin to reduce that $80 billion by moving towards a balanced budget. The effect will be to provide more room in the middle for businesses and consumers to borrow. In short, we will be expanding the supply of money and reducing the demand for it, thereby reaching equilibrium at a lower rate of interest than we have today. However, it will be a slow process. People just don't suddenly start saving billions of dollars overnight.

Q: What do you say to the small businessman who has to borrow money at the prime rate plus one or two points, while at the same time, big corporations can usually get loans at or below the prime rate? Can the system be made more equitable?

A: I don't think that we will ever get away from the fact that some people are in a position to borrow at lower interest rates than others. And I don't think the answer is to have a uniform borrowing practice. What we need are alternative ways of financing that are more satisfactory to small business. For example, we could change the tax code to make it easier for small businessmen to reinvest their profits.

If you are a small businessman and you sell your business—say you decide to sell it and reinvest the profit in another business—you shouldn't have to pay taxes on the money you earn. In other words, there should not be a capital gains tax on that sale, provided you reinvest it within a given period of time.

Another thing we need to do is make it easier for small businesses to sell stock and attract investors. With the tax act we have done that to a certain extent. We've expanded the number of people who can be in a partnership (Subchapter S corporation) from 15 to 25.

Q: Last year the Small Business Administration (SBA) proposed changes in its size standards that would have excluded a large number of restaurants that are currently considered small by the SBA. What are your thoughts on this issue?

A: Defining a small business is a continual problem. I'm not sure it really can be done, or indeed whether it should be done. If we try to get an exact distinction between a small business and a large business, we'll end up dividing the business community. I don't think anybody is interested in that. We almost have to look at the question on a case-by-case basis. For example, American Motors, which most people would think of as a big business, is really quite small when compared to General Motors or Ford.

I think the key things to look at are concentration and degree of competitiveness within each industry, sales figures and number of employees. No matter what distinctions we use, we always have to remember that there are many, many different classes of business in this country and that any law we pass will affect each class in a different way.

Q: Recently legislation has been introduced that would place restrictions on the use of "small issue" industrial development bonds (IDBs), which are used extensively by small business. The restaurant industry is particularly concerned about a proposal to limit IDB use to economically distressed areas. What is your view on IDBs?

A: I view IDBs with mixed emotions. I do not see them as the savior of business and communities as some people say they are. I don't know that they've really helped my area of the country that much—I've seen an awful lot of businesses go to the south and southwest despite their use.

One of the problems with a program like this is that those who cannot get an IDB are picking up the tab for those who can. Anytime you have government-directed credit allocation through debt, loans or loan guarantees, you run into a situation where someone has to pick up the freight .

So I think Congress does need to look into this program to see if it's everything it's cracked up to be. There have been several oversight measures proposed that I believe are necessary. These include holding public hearings on projects before bonds are issued, ensuring that a proposed project would not create an unjustified competitive disadvantage to existing businesses in the area, requiring that a bond issue stimulate the local economy and create a significant number of new jobs and requiring that the bond issue be necessary in order for the project to be undertaken.

The provisions that would require such projects to be located in economically distressed areas I look upon with a jaundiced eye. We may want to leave that out of this particular legislation and take it up in some other bill, such as the Urban Jobs and Free Enterprise Zone Act, which has a number of targeting provisions.

Q: Do you expect to see any new labor initiatives from the White House this year, particularly in the area of the youth opportunity wage?

A: No, I really don't think we'll see anything happening until the next fiscal year, or at least until after the administration sees how this year's budget falls. I'm not sure you can set up a youth differential in an equitable fashion, so I think the administration is going to steer away from that concept for the time being.

Rep. John Hiler (left) reviews small business legislation with NRA legislative representative Pat Davis.

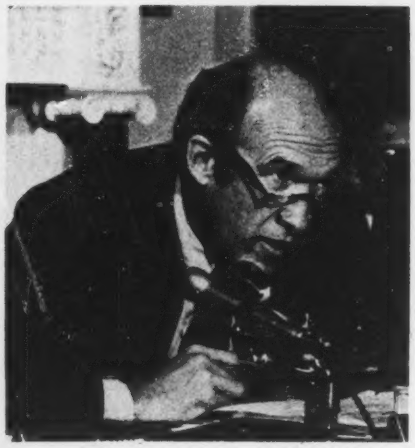
WASHINGTON REPORT

NRA resists proposed measure on illegal aliens

In testimony before the Senate Subcommittee on Immigration and Refugee Policy on Oct. 2, NRA Chief Counsel Robert Neville said the association does not support Reagan's proposal to make employers responsible for determining if workers are in the U.S. legally and are, therefore, eligible to work.

Under a proposal announced by the U.S. attorney general last summer, employers could be fined from $500 to $1,000 for each illegal alien they hired, and an injunction could be filed against those that have demonstrated a "pattern or practice" of hiring illegal aliens.

Neville explained to Senate members that employers are not equipped to determine whether workers are legal aliens and U.S. citizens. "Our principal concern with the proposal is with the soundness of merely shifting the main thrust of the enforcement burden from the government to the private employer. The fundamental question is whether you can transfer the exclusively federal government function of determining citizenship to a private citizen—the employer."



Sen. Alan Simpson (R-WY) directs question on work permit at NRA General Counsel Bob Neville.

Neville stressed that if Congress does decide that the government cannot meet its regulatory responsibilities without imposing additional requirements on the employer, any new rules adopted should be "simple to administer and not expose the employer to charges of discrimination by one branch of government in his attempts to comply with the regulations of another branch."

> *"...employers are not equipped to determine whether workers are illegal aliens...."*

"NRA would urge the Congress to be precise in whatever standards are imposed and not leave its intent to be expressed in regulations, or to the subjective judgment of government employees," added Neville. Some provision should be made for inadvertent violations, Neville continued. Employers who mistakenly hire an illegal alien should not be treated the same as those who deliberately and repeatedly violate the law.

The administration's proposal would provide a good faith defense to an employer who examines an identification card that is presented by an employee. Such an ID could be in the form of a permanent resident alien card, a temporary worker visa, or any two of the following

- *a)* birth certificate
- *b)* driver's license
- *c)* Social Security card and
- *d)* registration certificate issues by the Selective Service System.

The documentation presented would have to be retained by the employer and be available for inspection by the Immigration and Naturalization Service and the Department of Labor.

Such requirements, Neville said, would pose additional recordkeeping burdens on employers as well as deprive employees the use of their IDs. There is the further problem that many applicants who would be lawfully employed may not have a birth certificate, a driver's license, or a draft registration card and, therefore, could not meet the administration's identification requirements.

Neville also remarked that government officials who administer benefit programs should be held to the same accountability as employers if they mistakenly give welfare benefits, such as food stamps, to illegal aliens.

On May 5, 1981, NRA testified against a similar proposal for employer sanctions recommended by the Select Commission on Immigration and Refugee Policy. The commission's final report was the subject of congressional hearings.

In May, NRA said, "Requiring employers to make determinations of the status of their employees and job applicants is involving them in intricate problems of constitutional and immigration law which most are just not equipped to handle.... The seemingly inevitable result would be discriminatory employment practices against those who could not easily and clearly prove that they were legally entitled to work."

NRA General Counsel explains implications of the proposed measure on illegal aliens.

THE LAW

Legally speaking...

a series of short legal notes on government policy that may affect the way restaurateurs do business

New minimum wage chart published by NRA for all states

Every year the National Restaurant Association publishes a minimum wage chart that summarizes all federal and state minimum wage laws. The chart indicates coverage of each law, required minimum wage, overtime, tip, meal and uniform requirements, and permissible deductions from wages for loss, breakage and mistakes. The chart also indicates the name, address and telephone number of the government official who supervises enforcement of the law in each state.

The 1981 Minimum Wage Chart has just been published and distributed to NRA members. Extra copies are available on request.

New law makes federal government liable for legal costs

Everyone has heard horror stories about small businesses or individuals forced to pay taxes, fines or assessments to some U.S. government agency when they did not think the demanded payment was legally justified. It was cheaper to give up and pay the questionable assesment than to hire an attorney and fight the battle in court.

In the foodservice business, the Department of Labor (DOL) is probably the greatest offender in this regard. Last year DOL bragged that it collected nearly $11 million from foodservice operators in "unpaid wages." Many demands arose from enforcement policies that were unclear or misunderstood.

For many operators who have despaired of ever being able to fight this system, relief may be in sight. Beginning Oct. 1, 1981, taxpayers can be reimbursed by the government for attorney's fees if they are successful in an action against any agency of the federal government. The statute is an experimental one and expires Oct. 1, 1984, except in cases where all action was initiated before that date.

The new law applies to court cases and to all adversary proceedings within a government agency in which the government is represented by counsel. The government does not need to initiate the action, and attorneys' fees will not be awarded unless the government shows that its position was "substantially justified." In other words, the new statute shifts the burden of proof from the taxpayer to the government.

A taxpayer who prevails in an action against a government agency, such as DOL, can recover more than attorneys' fees. Recovery can be made for reasonable expenses of expert witnesses and the cost of any study, analysis, report, test, or project necessary for the preparation of the case. There is no limit on the amount of expenses that can be reimbursed as long as they can be directly related to the case. Attorneys' fees, however, cannot exceed $75 per hour unless there are special factors justifying a higher amount.

Who can recover? Any claimant can recover, except an individual whose net worth exceeds $1 billion or the sole owner of a business that has a net worth exceeding $5 million, or which has more than 500 employees.

How to recover? Within 30 days after final disposition of the action, claimant must submit an application to the court (government agency or department if the adversary proceedings were within an agency or department). The application must show that claimant was a prevailing party entitled to reimbursement. The amount of the expenses should be stated with an itemized statement from any attorney or expert witness detailing time expended and rates at which fees were computed. Claimant must also allege that the position of the agency was not substantially justified.

The Congressional Budget Office has estimated that the government will be required to pay $92 million in legal fees in the coming fiscal year, increasing to $109 million in the second year and $129 million in the third year.

Uniform maintenance requirement reduced

On July 31, 1981, the Department of Labor (DOL) announced in a letter to NRA that it had changed its enforcement policy on uniform maintenance. Restaurant operators no longer have to reimburse employees for the cost of maintaining wash and wear uniforms.

NRA has long fought the mandatory payment to employees for cleaning easy-to-care-for clothing because it can be done with other family laundry, and, therefore, requires no added work or expense.

Prior to July 31, 1981, DOL required that an employer reimburse a minimum wage employee for the cost of having his uniform maintained, if the employee laundered it himself.

THE BOARD ROOM

NRA Chairman Walter Conti (right) congratulates Director B.J. Strickland for his work on the industry handicapped employee program.

Conti honored at board meeting

The National Institute of Mental Health (NIMH) presented NRA Chairman Walter Conti with their Public-Private Partnership Award during the September NRA board meeting held in Hershey, PA. A second award was presented to the association itself.

Conti and NRA were recognized by NIMH for "outstanding service in stimulating employment of mentally restored people." These awards were the first conferred by NIMH, an agency of the publically-funded National Institute of Health.

In accepting the award, Conti referred to the need for private industry to undertake more public service work during a period in which government programs are being cut back. "I am pleased that the foodservice industry is taking the lead in this important cooperation between the public and private sectors," Conti stated.

Conti gave special recognition to NRA Director B. J. Strickland of Nationwide Food Service, Jacksonville, FL, for initiating NRA activities in this human resource area. "This is an award for which the entire industry can take pride," Conti stated.

Board reviews full range of NRA activities...

The first two days of the Monday-through-Wednesday session were devoted to meetings of the board's operating committees. "The variety of NRA activities is almost mind-boggling," said Chairman Conti. "Only by dividing into committees and reviewing staff activity can we be sure of doing justice to all the association's functions."

Joe R. Lee, (right) chairman of the Government Relations Committee confers with NRA board member Larry Hilaire before the meetings begin.

The Communications Committee, which is chaired by Michael Grisanti (Casa Grisanti, Louisville, KY), reviewed the progress of NRA's expanding press contact program and directed the staff to draw up plans for a five-year "Project Hospitality" designed to provide materials and courses which will improve the effectiveness and cordiality of employee-guest interaction.

The Convention Committee, chaired by Ted Balestreri (Sardine Factory, Inc., Monterey, CA), reviewed plans for the 1982 NRA Show, which this year will include an additional floor of exhibits, closed-circuit TV coverage and an invitational exposition for professional designers who will submit entries for an energy-efficient kitchen.

The Education and Research Committee, chaired by Harris Rusitzky (Serv-Rite Corp., Rochester, NY), reviewed the educational seminar program and asked the research division to conduct a survey to develop a profile of the NRA membership. The profile will be used in planning future programs in education.

The Human Resource Committee,

chaired by Ernest Royal (Royal Hearthside, Rutland, VT), discussed plans for more human resource promotions like *The First Day*, a recently published checklist for new employees. (See Short Order this month.) It also asked staff to investigate the preparation of a new film on careers in foodservice.

The Membership Development Committee, chaired by Michael Hurst (15th Street Fisheries, Fort Lauderdale, FL), set a target of 4,500 new members for this year. It then reviewed ways in which NRA can provide more services available exclusively to members.

The NRA Political Action Committee (PAC), chaired by Ralph Evans (Evans Farm Inn, McLean, VA), reaffirmed its commitment to raise $200,000 to contribute to the 1982 campaigns of politicians who are knowledgeable about the concerns of the industry. (See PAC article on next page.) It scheduled a special meeting this month to review fund-raising operations and criteria for contributing to candidates.

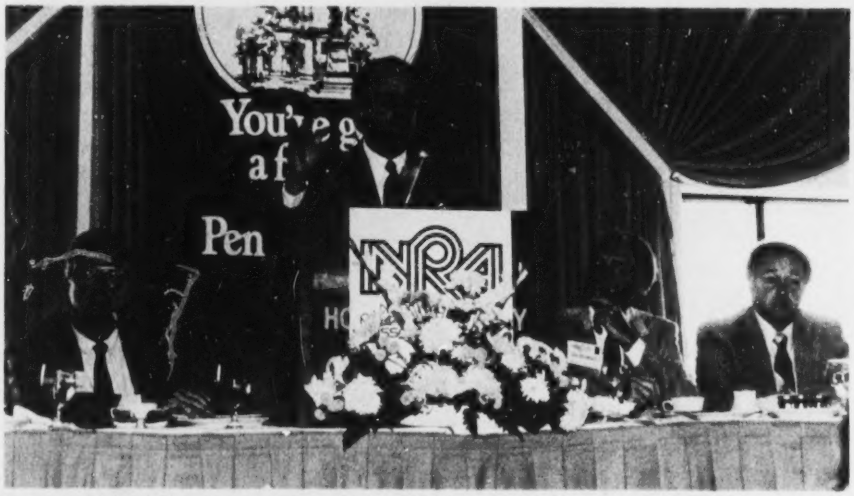
NRA board reviews plans for political education program...

The NRA Political Education Committee (PEC), chaired by Michael O'Neal (The Ginger Man Group, New York, NY), reviewed proposals for a massive political education program designed to heighten the industry's knowledge of its situation and its opportunities to act as a political force. The initial phases of this program were endorsed and a task force established to review all the materials presented.

The State Relations Committee, chaired by James Collins (Collins Food International, Inc., Los Angeles, CA), reviewed ways in which NRA can serve the state association involved in local legislative battles and develop NRA's grassroots lobbying effort, a program designed to put local foodservice operators in contact with their representatives in Washington.

The Technical Services Committee, chaired by Stanton Elliott (Fresh Freeze Enterprises, Eureka, CA), de-

Ernest Royal, chairman, Human Resources Committee discusses employment of minority youth with staff member Walter Ashcraft.



Governor Richard Thornburgh (R-PA) tells the NRA board about the strategic place of the restaurant industry in the national economy. Listening are Chairman Walter Conti, President Robert Bradford and Treasurer John Dankos.

Stanton Elliott, (left) chairman of the Technical Services Committee and NRA President Robert Bradford study FDA's model foodservice ordinance.

Sen. Specter labels PACs as indispensible

Sen. Arlen Specter (R-PA) told members of the NRA Political Action Committee (PAC) that the PAC concept is absolutely indispensible if members of Congress are to be exposed to various industry concerns and, therefore, vote for sound laws.

Specter spoke to NRA board members and guests at the first NRA-PAC breakfast held in Hershey, PA, during the September board meeting. The senator explained that the cost of television advertising in statewide campaigns makes it imperative that candidates receive outside financial support. He also thanked NRA-PAC for support during his last campaign.

NRA-PAC is a voluntary, non-profit, nonpartisan, unincorporated body of businessmen from the foodservice industry. The sole objective of the PAC is to financially assist candidates, without regard to party affiliation, whose election is in the best interest of the foodservice industry. NRA-PAC supports candidates for the U.s. Congress who have an awareness and appreciation of the foodservice industry and who recognize the need to be fiscally responsible.

Individuals in the foodservice industry choose to contribute to NRA-PAC rather than donate money directly to a candidate because our PAC contributes funds in the name of the foodservice industry as a whole. This means that NRA-PAC is likely to contribute larger sums of money to more candidates than an individual can usually afford to do. The result is more industry identification.

For more information on the NRA-PAC, please contact Ballard Everett at NRA in Washington, DC

Ralph Evans, chairman of the Political Action Committee, reaffirms committee commitment to raise $200,000 to contribute to 1982 political campaigns.

velops plans to improve public health and safety and facilities and equipment in the foodservice industry. At this meeting, it studied the U.S. Food and Drug Administration's (FDA) model foodservice ordinance, which is likely to be adopted by local governments. The committee agreed to petition FDA for priority review.

On Tuesday afternoon, the Government Relations Committee, comprised of the entire board, met with Committee Chairman Joe R. Lee (General Mills Restaurant Group, Orlando, FL) presiding. This body reviewed NRA's position on current legislative and regulatory proposals in Washington.

Among proposals discussed was legislation which would limit the use of small issue revenue bonds (IRBs) for commercial properties to economically distressed areas. NRA will oppose this legislation which would cut off economic assistance required by many growing foodservice firms.

The committee also directed the association to oppose all legislation requiring deposit on beverage containers and agreed to pay one-third of the court costs in the case of *Morrison, Inc., vs. Ray Marshall,* now scheduled for appeal. If the favorable decision already handed down in this case is not reversed, there will be a significant reduction of the red tape surrounding credit against wages taken by operators supplying meals to employees. (See October *NRA News* The Law.). The government Relations Committee also reaffirmed its opposition to proposals which would put more tough, lean beef in the USDA Prime and Choice categories. NRA is actively seeking a return to the meat-grading standards employed by USDA before 1976, when the grades were redefined.

NRA's standing committees also met during the three-day session to review the operation of the association itself. These committees include the Executive Committee, chaired by Walter J. Conti; Finance Committee, chaired by NRA Treasurer John Dankos (Dankos Enterprises, Inc., Richmond, VA); Audit Committee, chaired by NRA Past President Thad Eure (Creative Dining Food Systems, Inc., Raleigh, NC); By-laws and Policy Manual Committee, chaired by Edward Elliott (Plaza Inn Foods, Inc., Mount Victory, OH); and Nominating Committee, chaired by Harris Machus (Harris O. Machus Enterprises, Birmingham, MI).

On Wednesday morning, the full board convened. Under the gavel of Chairman Conti, it reviewed and approved actions of all the committees. "This has been a very productive session," Conti commented at the conclusion of the meeting. "NRA is developing programs to satisfy all the needs of a very diversfied industry. We are working in the interest of all our members — independent or chain, fast food, table service, or caterer."

STATE DEPARTMENT

State legislative issues threaten restaurateurs

While national attention continues to focus on legislative activity in Washington, restaurant operations could be picked apart by state laws and regulations. During the 1970s, the U.S. Congress enacted 3,359 laws, while the 50 state legislatures enacted over 250,000 new statutes.

The National Restaurant Association expects the number of state laws enacted in the 80s to increase as legislative and regulatory burdens are transferred from Capitol Hill to the state legislatures.

In his inaugural address, President Ronald Reagan said, "It is my intention to curb the size and influence of the federal establishment and to demand recognition of the distinction between the powers granted to the federal government and those reserved to the states...." The result of Congress' delegating legislative authority and responsibility to the states is increasing at an alarming rate. One out of every 20 people now works for a state or local government agency. In the last decade the number of such employees has grown by 37 percent, while payrolls have increased by 154 percent.

Being a state legislator has become a full-time occupation because of the ever-increasing amount of legislation requiring consideration. Many states have held two or more special sessions since their scheduled adjournment dates to cover important issues which could not wait until next year. Despite the longer sessions, 22 states will carry over legislation to 1982.

NRA is concerned about the growing effect state and local governments have on restaurants. In a recent speech to multi-unit foodservice operators, NRA President Robert Bradford said, "Five years ago, the activists were outside of government trying to influence what happened. Three years ago, they were in the Carter administration making policy. Although they're not in Washington anymore undertaking the hopeless task of convincing a conservative President and a conservative Congress, they are in the state capitals, the county seats and the city council chambers trying to get done at the state and local level what they cannot accomplish in Washington."

State issues in the 80s

- *mandatory bottle deposits*
- *polygraphs*
- *unemployment compensation*
- *energy conservation*
- *legal drinking age*
- *sales taxes*
- *billboard advertising*

For more information on these issues, contact NRA's state relations department.

State legislation affects our industry...

The NRA state relations department has tracked nearly 4,000 bills this year which could have or, in fact, did have an impact on the foodservice industry. Stressing the importance of state government activity, Jim Rogers, director of state relations, noted, "The cost and burden of complying with numerous, and oftentimes conflicting, state laws and regulations prove to be more of a nightmare than complying with the federal government."

Although state legislators have been preoccupied with reapportionment and the search for new sources of revenue for the last year, many new labor and liquor bills affecting restaurant operators have been signed into law. Thirty-four states have considered mandatory deposit of beverage containers, and twenty-one legislatures have contemplated new energy tax savings for commercial establishments. Sanitation inspections, advertising restrictions and unemployment compensation benefits have also been important issues this year for the foodservice operator.

According to a recent NRA survey, labor, liquor, energy and public health and safety are the most important legislative issues to the greatest number of members. NRA plans to concentrate on these issues during the 1982 legislative sessions.

NRA urges all restaurateurs to watch carefully legislation in their states and to work closely with their state restaurant associations. By monitoring legislation, restaurateurs can avoid excessive governmental intervention in their operations.

FOODSERVICE TRENDS

The information from this survey should help restaurant owners and managers understand the significance of travel to our industry. How much travelers spend in restaurants and the frequency with which they visit various types of restaurants are outlined in this report and accompanying charts. These survey results are based only on August travel and are not necessarily indicative of travel during other months.

National Travel Survey (NTS) plans to ask these same two proprietary questions in the May NTS survey to determine how August travel behavior differs from that in a lighter travel month, such as April.*

Domestic travelers spent $7.9 billion in U.S. restaurants during August, according to a recent telephone survey in which NRA participated. After adjusting for sales tax and tips, vacationers and business travelers still spent nearly $6.4 billion on food away from home during this one month, which is equivalent to six percent of total annual commercial group food and beverage sales can be attributed to these travelers.

Sixteen percent of the $40 billion annual spending done by domestic travelers in restaurants occurs during August, which is the heaviest travel month.

August travelers spent $7.9 billion in U.S. restaurants

Highlights

- **Domestic travelers spent $7.9 billion in restaurants during August.**
- **August spending by travelers accounted for six percent of total annual commercial group sales.**
- **Each travel party spent an average of $23 per day in restaurants during August. Business and airline travelers spent $25 and $31 per day, respectively.**
- **Business travelers spent $4.00 per day more than any other category of travelers for restaurant meals and snacks.**
- **The average August traveler ate out 6.1 times per trip, or at least once a day.**
- **Business and airline travelers were the most frequent users of upscale restaurants during August.**

Foodservice Trends

Because travelers and tourists make such an important contribution to the foodservice industry, NRA decided to pinpoint how much travelers spend on eating out and what kind of restaurants they visit.

Thirty-four percent traveled in August...

Thirty-four percent of the U.S. adult population took at least one trip in August—up from August of last year. Survey participants were asked the reason for the trip, the distance traveled, principal mode of transportation, where they stayed and the number of nights they were away.

The majority of respondents indicated that the primary reasons for travel was to visit friends and relatives as well as for pleasure

- 31 percent of the trips involved visiting friends and relatives
- 45 percent of the travels were for outdoor recreation or entertainment and
- 12 percent were for a business meeting or convention.

The average trip distance during August was 840 miles. Business travelers reported an average trip length of 1,240 miles while pleasure travelers went only 780 miles. Trip distance was also classified by mode of transportation. The average distance of airline trips was 1,940 miles compared to 660 miles for auto trips.

The average number of nights spent away from home was 5.6 for all travelers. Those visiting friends or relatives were away for 6.1 nights while pleasure travelers were away for 5.8 nights. Business travelers reported their average length of stay was 4.4 nights. A review by mode of transportation revealed that airline travelers spent more time away from home than auto travelers, 7.7 nights vs. 5.1 nights.

Four out of 10 travelers stayed in hotels or motels. Three-fourths of all business travelers, however, used hotels and motels, compared to 61 percent of the airline travelers.

Travelers spent $11 per day per person...

Respondents to this survey were asked, "Approximately how much did you spend per day on meals and snacks purchased at restaurants for everyone in your travel party?" Eight out of 10 respondents spent at least $1.00 per day, while less than two out of 10 spent nothing in restaurants. Each respondent's travel party spent an average of $23 per day and an estimated $129 per trip in restaurants. These figures include tips and sales tax.

The reason for trips and the mode of transportation help quantify the amount of money spent in restaurants, according to survey results. (See Chart.) Business travelers spent an average of $24 per day. Thirteen percent of business travelers, however, stated they had spent nothing on restaurant meals. Many of these people may have had their meals included with meeting and convention fees. Nearly 20 percent of the business/convention travelers spent $40 or more on restaurant meals and snacks during their trip and another 31 percent spent between $20 and $39.

Pleasure travelers spent an estimated $25 per day with nineteen percent reporting they had spent nothing on restaurant meals and snacks.

People who were visiting friends and relatives spent only $20 per day in commercial eating establishments. Lower spending by this group probably reflects a greater tendency to dine at home with their hosts.

Air travelers reported daily average restaurant expenditures of $31 versus $22 for auto travelers. Thirty-six percent of the air travelers spent $40 or more per day in restaurants, compared to only 20 percent for auto travelers. Auto travelers can take food with them easier than air travelers.

An analysis of daily restaurant expenditures by household income revealed that people from families with annual incomes over $30,000 spent $28 per day on restaurant meals and snacks. This is twice the $14 spent by people from households with incomes under $10,000. Respondents age 25 to 34 spent an average of $27 per day on restaurant meals while traveling versus $20 by people age 18 to 24 and $18 for those 55 to 64.

Business travelers spent considerably more than all travelers for restaurant meals and snacks on a daily, per person basis. The survey indicates that in August business travelers spent $15 per person per day in restaurants. This is above the average spending by all travelers—$11.

Travelers visiting friends and relatives reported average daily, per person restaurant expenditures of $10 and those traveling for pleasure reported expenditures of $11. Previous NRA surveys have also shown that business travelers are more likely to patronize restaurants, and they do so more frequently than vacationers. However, since the length of stay for a business trip is less than that for a vacation or pleasure trip (4.4 nights vs. 6.6 nights), total trip spending by vacationers is greater than that for business travelers.

Amount spent per day on eating out while traveling during August

Percent spending	total respondents	reason for trip: visit friends/ relatives	reason for trip: pleasure	reason for trip: business/ convention	mode of transportation: auto	mode of transportation: air
$1.00-$5.00	7%	15%	3%	1%	7%	3%
$6.00-$10.00	4	1	4	3	4	—
$10.00-$19.00	19	23	13	33	20	13
$20.00-$29.00	19	14	24	20	20	20
$30.00-$39.00	10	8	9	11	9	14
$40.00-$59.00	16	13	20	14	14	26
$60.00 and over	7	5	8	5	6	10
Percentage who did not eat out	18%	20%	19%	13%	19%	14%
Average spent per day	$23	$20	$25	$24	$22	$31
Daily average per person	$11	$10	$11	$15	$10	$22
Average total per trip	$129	$122	$145	$106	$112	$239

Sources: *National Travel Survey*, U.S. Travel Data Center,
National Restaurant Association

Average number of times eaten at various types of restaurants while traveling during August

Type of restaurant	total respondents	reason for trip: visit friends/ relatives	reason for trip: pleasure	reason for trip: business/ convention	mode of transportation: auto	mode of transportation: air
Fast food	1.4%	1.5%	1.4%	0.9%	1.4%	1.3%
Cafeteria	0.4	0.2	0.3	1.2	0.3	1.0
Moderate price restaurant*	1.8	1.3	2.4	1.6	1.7	2.1
Upscale restaurant**	2.1	1.3	2.6	2.9	1.5	5.1
Recreation or amusement park	0.4	—	0.6	0.3	0.4	0.3
Total visits	6.1	4.3	7.3	6.9	5.3	9.8

* Average per person check under $5.00.

** Average per person check over $5.00.

Sources: *National Travel Survey*, U.S. Travel Data Center;
National Restaurant Association

---

*The NTS is conducted monthly by the U.S. Travel Data Center, the national non-profit center for travel and tourism research. Over 1,000 adults are interviewed by telephone concerning their travel in the prior month, and the results are projectable to the national population. The interviewing for this study was conducted during the first week of September and respondents were queried about any trips they or their families had taken in August. The results are based only on trips of 100 miles or more one way.

Air travelers spent twice as much on a daily per person basis as auto travelers—$22 vs. $10. Previous studies also show this to be true. In addition, the NTS survey indicated that air travelers stay longer at their destination than auto travelers—7.7 nights vs. 5.1 nights. As a result, total per trip restaurant expenditures by people using air transportation equaled $239, compared to $112 for auto travelers.

Average August traveler ate out frequently...

Participants in the National Travel Survey were asked to indicate how many times they had eaten out in restaurants while traveling. The August traveler ate out 6.1 times per trip. Since the average length of stay for each trip was 5.6 nights, each travel party ate out at least once each day.

Business travelers in August reported dining out in restaurants 6.9 times during a trip, or about 1.5 times each day. Pleasure travelers ate out considerably more often than those who were visiting friends and relatives in August, 7.3 times vs. 4.3 times. The average length of stay for pleasure travelers was 5.8 nights, slightly lower, however, than the 6.1 nights for people visiting friends and relatives.

Airline travelers reported that they ate out in restaurants nearly 10 times during their trip, approximately twice as often as auto travelers. The length of stay for those using air transportation is higher than that for people using cars.

This trend helps explain the greater use of restaurants by air travelers.

Business and air travelers are heavy users of upscale restaurants...

August business and air travelers ate out more often at upscale restaurants (per person check greater than $5) than the average traveler. Business travelers reported eating out about three times in upscale restaurants while all travelers averaged two meals eaten out per day. A high proportion of business travelers, 75 percent, stayed at hotels and motels where many upscale restaurants are located. Also fewer children accompany business travelers, and, therefore, business travelers are able to spend more time relaxing at upscale restaurants.

Airline travelers reported that they ate at upscale restaurants five times during their August trip. Many of these people are business travelers and upper-income persons who can more easily afford to eat out at higher-priced eating establishments.

People visiting friends or relatives reported eating out more often at fast food restaurants. Many of these respondents traveled with children and are from lower and middle-income households. As a result, these lower-priced eating establishments may have been more attractive. Pleasure travelers, as shown in the accompanying chart, reported eating more often at moderate and upscale restaurants. Many of these travelers were parties of two adults or more and were from middle and upper-income households. Since the purpose of their trip was enjoyment, they most likely chose more leisurely dining establishments.

New NRA publication reports on travelers' eating habits

This article was prepared from a new NRA publication, *Restaurant Habits of Vacation and Business Travelers, August 1981.* Information in the detailed report includes statistics about travelers, such as the average number of visits to various types of restaurants, the amount spent per day on eating out and demographic characteristics on age, sex, income and occupation of domestic travelers.

The new publication is available for $10 to NRA members and $20 to non-members. To order your copy of the report, please contact NRA's Educational Materials Center in Washington, DC and include the publication number CS930.

Foodservice employment to increase in the 80s

Employment growth in the foodservice industry will outpace that for most other industries during the 1980s, according to new Bureau of Labor Statistics (BLS) employment projections.*

The total number of full-time employees in specialized foodservice occupations is forecast to increase from 5.6 million in 1978 to 7.8 million in 1990—a gain of 39.5 percent.

BLS also estimates that the number of individuals employed as restaurant, cafeteria and bar managers will reach 650,000 by 1990—an increase of 30.3 percent from 1978. The industry employs cashiers, bookkeepers and custodians, as well as people in specialized foodservice occupations.

The National Restaurant Association estimates that eight million people are employed in all phases of the foodservice industry, including part-time and full-time workers.

The new Bureau of Labor Statistics employment projections provide information on additional foodservice occupations which were not covered in their previous forecasts. The major foodservice categories have also been broken down further, into food preparation and service workers for fast food restaurants, waiters' assistants, sandwich makers and various types of cooks and chefs. Nineteen-ninety employment projections for each of these occupations are listed in the accompanying table.[1]

---

*The economic rational for the employment projections presented here appears in the last section of this article.

Foodservice employment to increase...

Employment in foodservice occupations will increase 39.5 percent between 1978 and 1990, according to BLS projections. In service industries, this growth is second only to the projected increase of health service occupations. Between 1978 and 1990, health service employment is expected to increase 56.9 percent. In terms of the number of people employed, however, foodservice workers still rank first in the service sector.

Foodservice ranks sixth among projected growth figures for all occupations. BLS projects that total employment for all occupations will rise only 24.4 percent between 1978 and 1990.

The strong job growth projected for the foodservice industry is the result of several factors. Unit expansion

---

[1] The BLS figures tend to understate the actual number of people employed because individuals with two jobs are counted only at the job where they work the greater number hours. As a result, part-time workers in our industry may not be counted by BLS if they hold other jobs.

The number of individuals employed in the foodservice industry will increase 39.5 percent by 1990.

Occupational employment 1978 to 1990

	1978	1990*	percent change
Bakers—bread and pastry	45,000	57,000	26.7%
Bartenders	347,000	457,000	31.7
Butchers and meat cutters	178,000	214,000	20.2
Cooks, except private households	1,024,000	1,379,000	34.7
Cooks institutional	296,000	378,000	27.7
Cooks restaurant	320,000	448,000	40.0
Cooks short order and specialty fast foods	408,000	554,000	35.8
Food preparation and service workers, fast food restaurant	714,000	1,210,000	69.5
Host/hostess, restaurant lounge, coffee shop	104,000	155,000	49.0
Kitchen helpers	771,000	1,084,000	40.6
Pantry, sandwich and coffee makers	64,000	92,000	43.7
Waiter/waitress	1,539,000	2,084,000	35.4
Waiter's assistant	252,000	366,000	45.2
Total	**5,610,000**	**7,827,000**	**39.5**

*BLS projections

Source: Bureau of Labor Statistics

Occupations with most rapid employment growth in the 1980s

Occupation	percent change 1978-1990
Selected health service workers	56.9%
Health technologists and technicians	46.0
Medical workers, except technicians	45.8
Mine operatives	43.4
Engineers	42.9
Foodservice workers	**39.5**
Engineering and science technicians	38.7
Selected personal service workers	36.2
Office machine operators	36.2
Protective service workers	33.7

Source: Bureau of Labor Statistics

in the industry, particularly the fast food segment, will account for much of the growth. Also, several demographic trends, such as the aging of the U.S. population, an increase in one and two-person house-holds and the continued increase in the number of working women, are expected to benefit the restaurant industry in the 1980s. If predictions are valid, these trends will increase the number of people eating out, thus creating a demand for more workers to serve restaurant patrons.

During the 80s, service and preparation jobs in fast food restaurants are expected to increase more rapidly than any other foodservice occupations. As shown in the accompanying chart, the number of jobs in this group is forecast to increase from 714,000 in 1978 to over 1.2 million in 1990—a gain of 69.5 percent. Fast food should continue to be one of the highest growth segments of the industry in terms of unit expansion and sales. An increase in the number of units accounts for the strong employment increase projected for this job category during the 80s.

Restaurant host or hostess occupations are projected to experience the second highest rate of growth for foodservice workers—rising 49 percent between 1978 and 1990. In contrast, for the same period, butchers' and meat cutters' jobs are expected to experience the slowest expansion of any foodservice occupational category—increasing only 20.2 percent.

Economic outlook for the 80s...

The employment projections outlined in this article are based on the assumption that in the 1980s we will experience greater productivity gains and less inflation than the 1970s. In our opinion, these figures reflect the most likely of three sets of employment projections which BLS calculated for the period 1978 to 1990.

Productivity, or output per man hour, in the nonfarm sector is projected to rise 2.2 percent annually from 1980 to 1985. Between 1985 and 1990, productivity is expected to increase at a faster rate—3.0 percent per year.

Inflation, as measured by the GNP deflator, is expected to average 7.0 percent annually in the period 1980 to 1985, but slow to an annual rate of 4.7 percent from 1985 to 1990.

Growth in real GNP, adjusted for inflation, is forecast to average 3.7 percent per year in the first half of the decade and 4.1 percent annually during the second half.

BLS forecasts the number of people employed will increase 1.7 percent annually between 1980 and 1985, but will slow to 1.5 percent yearly in the period 1985 to 1990. Most of the employment growth during this 10 year period will result from more women entering the labor force.

The labor force participation rate for women 16 years and over is forecast to increase from 51.5 percent in 1980 to 58.7 percent in 1985 and 63.2 percent by 1990.

Pattern in repeat restaurant visits revealed in NRA/CREST study

This report highlights visit frequency, elapsed time between restaurant visits and concentration of visits over the course of a year for such restaurant categories as fast food, family and atmosphere/specialty restaurants. In a future article, similar information will be presented for shorter time periods, such as, one month and six months.

Customer restaurant usage by perceived restaurant type for a one-year period

Restaurant type	penetration of market*	usage rate per year †	days elapsed between visits
Fast food/drive in	98.4%	62.33	5.9
Family restaurant	90.8	43.96	8.3
Atmosphere/ specialty restaurant	76.5	28.18	13.0
Cafeteria	57.2	19.35	18.9
Coffee shop	58.8	18.25	20.0
Take out	92.0	27.25	13.4

* Percentage of U.S. families which visit the restaurant type.

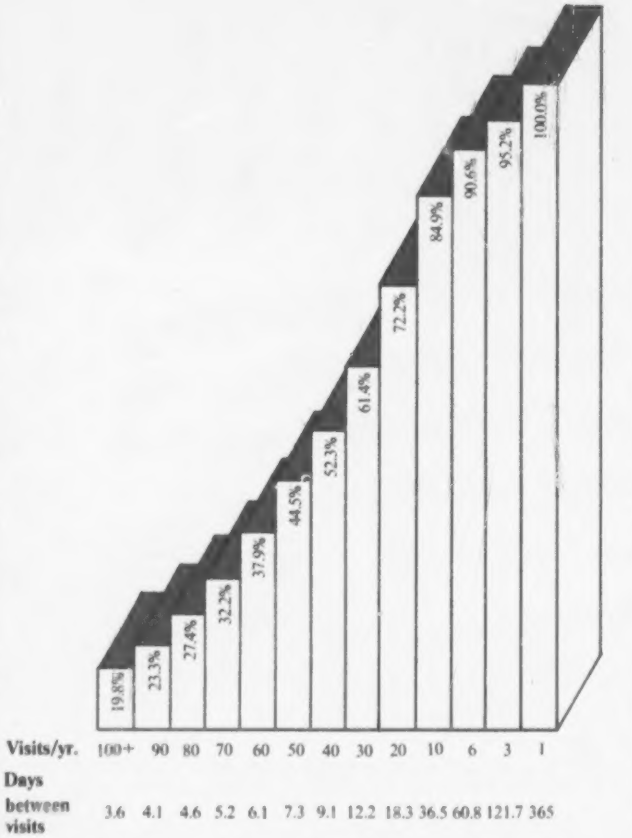
† Number of transactions by users per year.

Source: NDP Research, Inc., extrapolation model

Fast food/drive-in restaurants...

- During the course of a year, over 62 million families, or 98 percent of all families eat out at least once at a fast food restaurant. On the average, each of these families makes over 62 transactions a year, which translates into one visit every six days.
- Only 4.8 percent of fast food restaurant customers visit these establishments less than once every four months, 44.5 percent visit at least once a week and 19.8 percent visit twice a week or more often.
- The 19.8 percent of fast food customers who visit twice a week or more often account for nearly half of total fast food visits.
- In terms of reaching customers for promotions and advertising campaigns, in one week 44.5 percent of all fast food customers will be reached and in two weeks over six out of 10 customers will be reached. (See accompanying chart.)

Fast food restaurants percent of customers reached



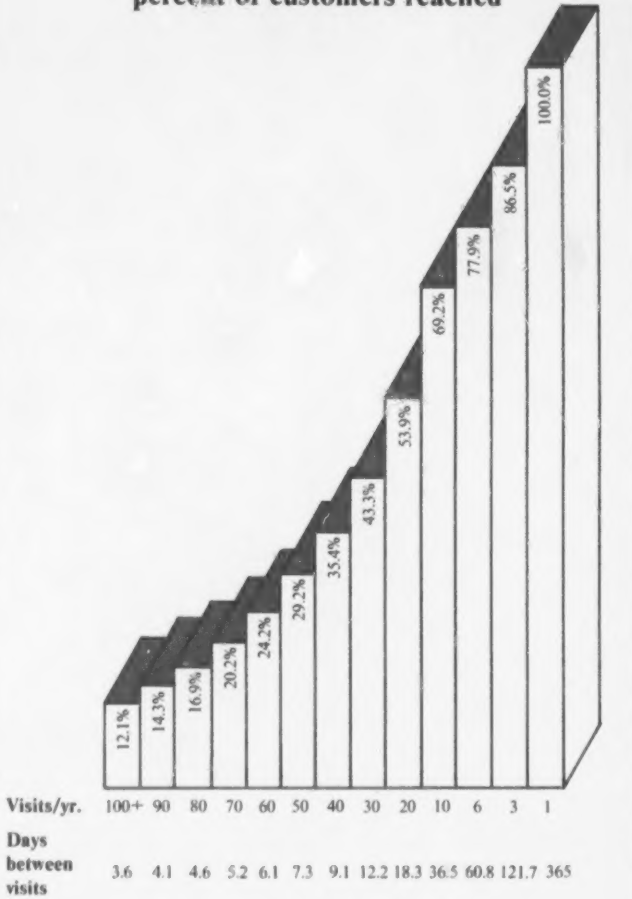
Note: Figures have been re-percentaged to reflect only customers.

Sources: CREST Extrapolation Model, NPD Research, Inc.; National Restaurant Association

Family restaurants...

- Over 57 million families, or 91 percent of all families, eat out at least once at a family restaurant during a 12 month period. Each of these families makes an average of about 44 transactions a year, which translates into a visit every eight days.
- About one out of every seven family restaurant customers dines at these establishments less than once every four months, 33.1 percent eat out at least once a week and 12.1 percent eat out twice a week or more often.
- The 12.1 percent of family restaurant customers who visit these establishments at least twice a week account for 42.2 percent of total family restaurant visits.
- An advertising or promotional campaign lasting one week will reach 29.2 percent of all family restaurant customers, while one lasting two weeks will reach 43.3 percent. (See accompanying chart.)

Family restaurants percent of customers reached



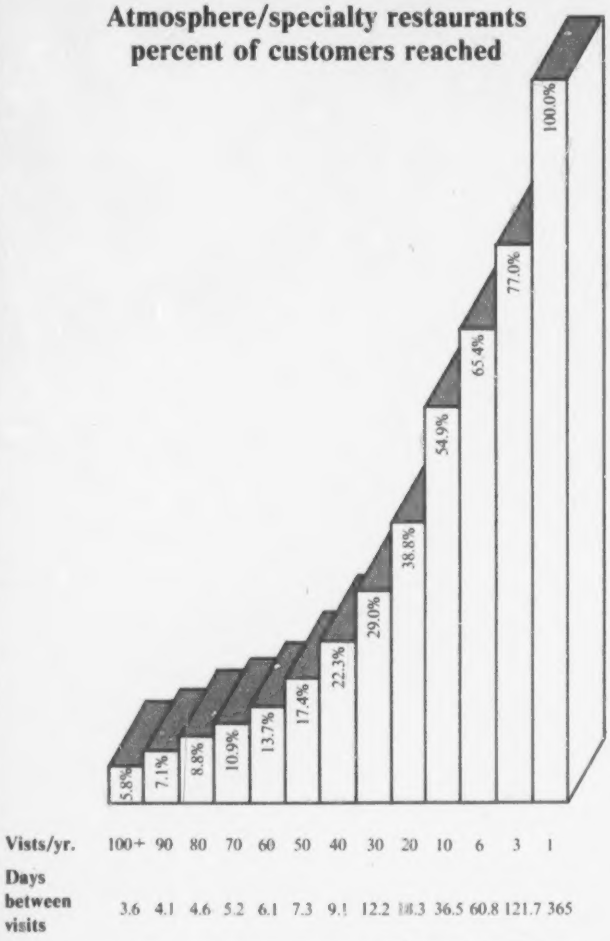
Note: Figures have been re-percentaged to reflect only customers.

Sources: CREST Extrapolation Model, NPD Research, Inc.; National Restaurant Association

Atmosphere/specialty restaurants...

- Over 48 million families, or 76.5 percent of total families, eat out at least once a year at an atmosphere/specialty restaurant. Each of these families makes an average of 28 transactions a year, which translates into one visit every 13 days.
- About one-fourth of the atmosphere/specialty restaurant customers eat out at these establishments less than once every four months, 17.4 percent eat out at least once a week and only 5.8 percent eat out twice a week or more often.
- The 5.8 percent of atmosphere/specialty restaurant customers who dine out at these establishments twice a week or more often account for 30.1 percent of the total eating occasions. On the other hand, the 23 percent of the customers who eat out less than once every four months account for only 1.5 percent of the total visits.

Atmosphere/specialty restaurants percent of customers reached



Note: Figures have been re-percentaged to reflect only customers.

Sources: CREST Extrapolation Model, NPD Research, Inc.; National Restaurant Association

- In terms of reaching customers for promotions and advertising campaigns, in one week 17.4 percent of all atmosphere/specialty customers will be reached by such campaigns. In two weeks, nearly three out of 10 will be reached, and in a month, over half will be reached.

Cafeterias...

- During the course of a year, about 36 million families, or 57.2 percent of all families, eat out at least once at a cafeteria. Each of these families makes an average of about 19 transactions a year—one visit every 19 days.
- Approximately two out of 10 cafeteria customers visit these establishments less than once every four months, only 10.4 percent visit at least once a week and about one out of 40 visit twice a week or more often.
- The 2.8 percent of cafeteria customers who eat out at these places twice a week or more often account for 20.4 percent of the total visits. The 18.3 percent who eat out at cafeterias less than once every four months account for less than three percent of the visits.
- An advertising or promotional campaign at a cafeteria

The information from the CREST extrapolation model will be useful to restaurant owners and managers. The present CREST diary does an excellent job of tracking the most frequent restaurant customers, but it does not capture a long enough continuous period to explain fully the composition of all restaurant patrons including infrequent customers.

Recently, NRA commissioned NPD Research, Inc., to expand on this basic two-week period and look at customer behavior over a full year. The results of this effort highlight the importance of repeat customers to various sectors of the industry.

The CREST extrapolation model extends the basic two-week behavior measure to estimate the number of families who eat out during a period (penetration) and the average number of restaurant visits per family. The model is based on CREST diary panel data from December 1979 through November 1980.

Distribution of customers and visits by restaurant type for a 12-month period

	Number of visits per year												
Restaurant type	**1-3**	**4-6**	**7-10**	**11-20**	**21-30**	**31-40**	**41-50**	**51-60**	**61-70**	**71-80**	**81-90**	**91-100**	**100⁺**
Fast food/drive in													
percent customers	4.7%	4.5%	5.6%	12.7%	10.8%	9.1%	7.8%	6.6%	5.7%	4.8%	4.1%	3.5%	19.8%
percent visits	0.2	0.3	0.8	3.3	4.6	5.5	6.0	6.2	6.2	6.1	5.9	5.6	49.2
Family restaurants													
percent customers	13.5	8.6	8.7	15.3	10.6	7.9	6.2	5.0	4.0	5.3	2.6	2.2	12.1
percent visits	0.6	1.0	1.7	5.5	6.4	6.7	6.7	6.5	6.2	5.9	5.5	5.1	42.2
Atmosphere/speciality restaurants													
percent customers	23.0	11.6	10.5	16.1	9.8	6.7	4.9	3.7	2.8	2.1	1.7	1.3	5.8
percent visits	1.5	2.0	3.2	8.7	8.9	8.5	7.9	7.2	6.5	5.8	5.2	4.6	30.1
Cafeteria													
percent customers	18.3	7.8	6.4	15.6	8.5	5.4	3.7	2.6	1.9	1.4	1.0	0.7	2.8
percent visits	2.8	3.4	4.8	11.9	11.0	9.8	8.5	7.4	6.3	5.4	4.5	3.8	20.4
Coffee shop													
percent customers	32.2	13.9	11.3	15.8	8.6	5.4	3.5	2.5	1.7	1.3	1.0	0.6	2.2
percent visits	3.0	3.7	5.2	12.8	11.7	10.3	8.8	7.5	6.3	5.2	4.4	3.6	17.6
Take out													
percent customers	15.2	10.8	11.1	19.4	12.6	8.7	6.1	4.3	3.2	2.3	1.6	1.2	3.5
percent visits	1.1	1.9	3.4	10.6	11.5	11.1	10.0	8.8	7.5	6.3	5.2	4.3	18.5

Note: Figures have been re-percentaged to reflect only customers.

Sources: CREST Extrapolation Model, NPD Research, Inc., National Restaurant Association lasting one week will reach 10.4 percent of the customers, in two weeks such a campaign will reach two out of 10 customers and a month-long campaign will reach 43.6 percent.

Coffee shops...

- During a 12-month period, about 37 million families, or 58.9 percent of total families, eat out at least once at a coffee shop. An average family makes about 18 transactions a year, a visit every 20 days.
- Approximately one-third of the coffee-shop customers visit these restaurants less than once every four months, and fewer than 10 percent eat out at least once a week.
- The 9.5 percent of the coffe shop customers who dine out at these places once a week or more often account for 44.6 percent of the total visit. The 32.2 percent who dine out less than once every four months account for only two percent of the visits.
- In terms of reaching customers for promotions and advertising campaigns, in one week 9.5 percent of the coffee shop customers will be reached by such a promotion, in two weeks 18.5 percent will be reached and in a month 42.9 percent will be reached.

Take out restaurants...

- Approximately 58 million families, or 92 percent of all families, visit a take out restaurant at least once during the course of a year. Each family makes an average of about 27 transactions, or one transaction every 13 days.
- Fifteen percent of the take out restaurant customers visit these establishments less than once every four months, 16.3 percent visit at least once a week and only 3.5 percent visit twice a week or more often.
- The 16.3 percent who patronize take out restaurants at least once a week account for over half of the visits. On the other hand, the 15.2 percent who visit take out restaurants less than once every four months account for only one percent of the visits.
- An advertising or promotional campaign at a take out restaurant lasting one week will reach 11.3 percent of the customers. One lasting two weeks will reach three out of 10 customers and one lasting a month will reach nearly two thirds of the customers.

Since the inception of CREST (Consumer Reports on Eating Share Trends), the National Restaurant Association has reported quarterly on restaurant visit behavior based on an average two-week period. The information has been used to monitor trends in restaurant traffic. Recently, NRA commissioned NPD Research, Inc., the originator of the CREST diary panel, to expand on this basic two-week period and look at customer behavior over a full year. The results of this effort highlight the importance of repeat customers to various sectors of the industry.

Commodity spotlight—price and availability forecast

September wholesale food prices for restaurant operators declined 0.6 percent from August prices, according to the Food Cost Index compiled by NRA. By contrast, overall wholesale food prices declined 0.8 percent for the same period.

Prices declined during September for all commodities with the exception of bakery products, beef and veal, other meats which include pork and many processed pork products, and fruits which experienced moderate price increases during this one month period.

During the first nine months of the year, overall wholesale food costs increased at a faster rate than food costs for restaurant operators. The Bureau of Labor Statistics' *All Food, Producer Price Index* averaged 5.3 percent compared to a gain of only 4.3 percent for food costs for restaurant operators.

Lower prices for beef and veal, fresh fruit and beverages have helped to slow the rise in food costs for restaurant operators in the first nine months of this year. Increases in prices for pork, fresh vegetables, poultry and eggs, however, have exerted some upward pressure on overall wholesale food costs.

Beef—Beef production increased 4.5 percent in the third quarter of 1981 from a year ago due to a rise in the number of cattle slaughtered. USDA projects fourth quarter production will decline 1.5 percent because fewer cattle are currently on feed than during the same period last year. Feedlot placements are also smaller.

Prices of choice grain-fed steers are expected to average $66 to $68 per hundredweight in the third quarter of this year, a decline of 5.8 percent from $71.15 during the same period in the prior year. Prices in the last three months of this year are expected to increase to $67 to $70 per hundredweight, up 4.6 percent from $65.51 in the same quarter a year ago.

Pork—Pork production declined 6.8 percent in the third quarter of 1981, and USDA projects output will continue to fall in the fourth quarter, down 9.4 percent from the same period a year ago.

Hog prices averaged 8.2 percent higher in the third quarter of 1981 compared to the same period in 1980. Although prices reached $50.66 per hundredweight in the summer months, compared with $46.23 from a year ago, producers are still operating below the break-even point. Prices are expected to remain near $50 for the remainder of 1981.

Large stocks of frozen pork, abundant beef and poultry supplies and the continued squeeze on consumers' budgets should keep prices from rising.

Broilers—Broiler output averaged 9.8 percent higher in the third quarter of 1981 from year-earlier levels. USDA estimates production will increase 5.4 percent in the fourth quarter as well.

Broiler prices are expected to average 47 to 49 cents per pound in the third quarter, a decline of 9.4 percent from 53.3 cents per pound a year earlier. Lower prices are also expected in the fourth quarter due to plentiful supplies and a weakening economy.

Lettuce—Shipping prices for lettuce declined somewhat in September, falling from the August price range of $6.50 - $7.50 to $5.50-$6.50 for Santa Maria Iceberg carton 24s. Restaurant operators can expect prices to stay in this range throughout November. A sharp rise in prices may occur in December, however, when production makes its yearly shift from Salinas to the Imperial Valley. Overall, supplies should continue to be good throughout the fall and winter, despite a decrease in planted acreage.

Tomatoes—Tomato prices have remained fairly stable in recent weeks with shipping prices for 30-pound cartons of extra-large averaging about $9.00 while prices for large are ranging from $7.00 to $8.00. Supplies of tomatoes for processing are short, and costs for canned tomato products should be higher throughout 1981 and into 1982.

Fruit—Total non-citrus fruit production in 1981 is projected to average 13 percent lower than last year's large output. The U.S. apple crop is expected to fall eight percent below last year's levels. Output of grapes is also expected to decline—down 20 percent from the prior year with supplies of California table grapes off four percent.

The 1981 pear crop is forecast to fall five percent from the levels of the previous year. Because of these lower supplies, restaurant operators can expect higher prices for both fresh and processed fruit.

Fruit prices remain unaffected by the Mediterranean fruit flies in California.

Eggs—Egg production equalled year-earlier levels in the third quarter of this year, and USDA estimates output will continue near 1980 levels throughout 1981.

Egg prices are expected to increase in the third quarter to 71 to 73 cents per dozen, up 4.2 percent from 69 cents in the second quarter of this year. Fourth-quarter prices are projected to be stronger as well, rising to 74 to 77 cents per dozen—up 1.3 percent from the previous quarter.

Dairy—Dairy production is projected to increase 2.5 percent in the third quarter of this year from the same period last year. Output during the last three months of 1981 is expected to slow somewhat, increasing only 0.6 percent from the same quarter in 1980.

Wholesale dairy prices remained fairly stable from January through September of this year, increasing only 0.5 percent. Most of this gain occurred since June because seasonal factors have resulted in lower month-to-month gains in production. According to U.S. Department of Agriculture economist Cliff Carmen, the mandated increase in dairy price supports in October will probably cause wholesale prices to rise three percent.

Although the information in this article is as up-to-date as possible at the time of publication, readers should be aware that prices and supplies of many commodities can change rapidly.

CREST REPORT

Customer traffic increases for second consecutive quarter

Highlights

- **Customer traffic in the nation's restaurants increased during the summer quarter—up 5.6 percent from the same period last year.**
- **The number of families returning to the eating-out market continued to grow. Consumers were eating out more frequently—particularly at family restaurants.**
- **In the summer quarter, CREST restaurant sales posted the largest gain in over two years, increasing 17.7 percent from the same period in the prior year.**
- **Promotions were responsible for 8.1 percent of the meal occasions during the summer quarter compared with 7.8 percent of the occasions last summer.**
- **Family restaurants and coffee shops had the largest gains in customer traffic, increasing 11.6 percent and 8.8 percent, respectively.**
- **Customer traffic rose for each meal occasion in the summer quarter. Breakfast was responsible for the largest gain—up 11.7 percent.**

Customer traffic in restaurants increased for the second consecutive quarter, signaling improved economic health for the industry. Traffic for the summer quarter including June, July and August was up 5.6 percent from the same period in 1980. This rise is the largest gain in over two years, according to the CREST report. The 5.6 percent gain in customer counts was slightly higher than the 5.3 percent advance experienced during the spring quarter. Traffic increased at all types of restaurants as well as for each meal occasion.

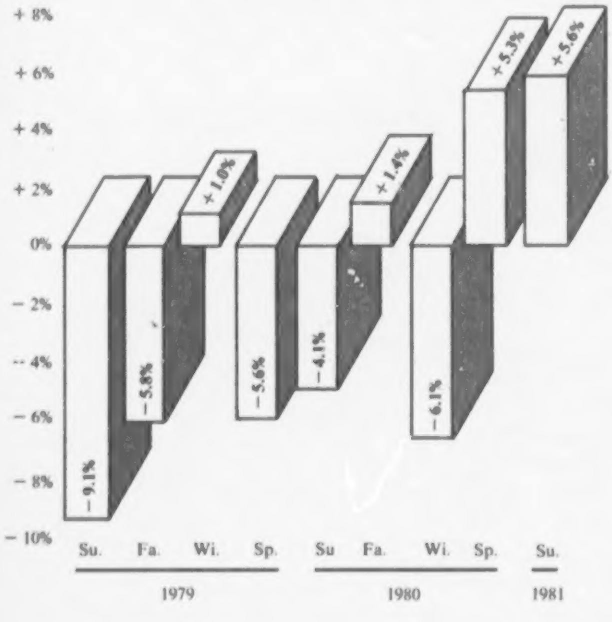
The Gallup "Monthly Monitor of Eating Out," which tracks consumer behavior in the eating away-from-home market, reports similar findings. Thirty-seven percent of the people interviewed in the Gallup survey reported they had eaten out at least once during the preceding day.

These survey results are significant because they indicate a slight increase above the 36 percent level recorded during the summer quarter of 1978 when the industry experienced strong growth. The traffic gains during the 1981 summer quarter recouped some of the losses experienced during the past two years, but overall patronage is still not back to its 1978 levels.

Economic factors affect eating habits...

The strong advance in customer traffic during the summer quarter can be attributed to several factors. Vacation travel increased this summer after two years of a relative slowdown in travel which was due in part to a shortage of gasoline and high gasoline prices. (See article in this issue on travel and eating out.) Adequate gasoline supplies and relatively stable prices this summer encouraged people to take vacations again.

Percent change in quarterly customer traffic (Summer '79-Summer '81)



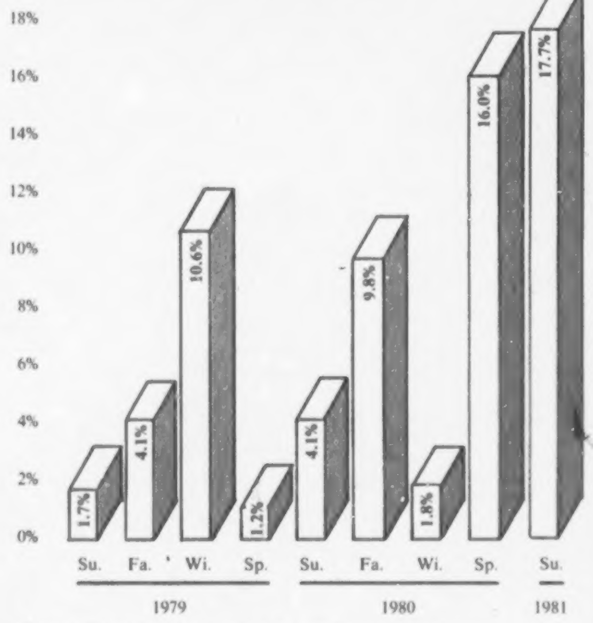
*Percent Change is from same month in prior year

Source: CREST

Another factor that may have caused consumers to visit restaurants more frequently this summer was the relative improvement in economic conditions. Inflation, as measured by the Consumer Price Index, slowed to 10.4 percent during the first eight months of this year, compared to a 14 percent increase during the same period last year. Strong growth in real disposable personal income meant consumers may have been willing to spend more on discretionary items such as eating out.

However, consumers are still faced with record high interest rates and a decline in personal wealth due to stable real estate values and a decrease in stock and bond prices. In the past, economic conditions such as these have been detrimental to our industry.

Percent change in quarterly CREST sales (Summer '79-Summer '81)



Sales based on total U.S.; average for 2-week period each quarter

Source: CREST

President's economic policy may boost industry...

The tax cut which was effective Oct. 1, 1981, may be beneficial to the restaurant industry because it will eventually increase consumers' disposable personal income. NRA will continue to monitor the economic situation and report any significant development.

Considering the variety of economic activities affecting the industry, NRA predicts modest improvement in the restaurant industry in 1981 with commercial restaurants experiencing a real sales (adjusted for inflation) gain of about 1.0 percent following a 1.5 percent decline during the previous year.

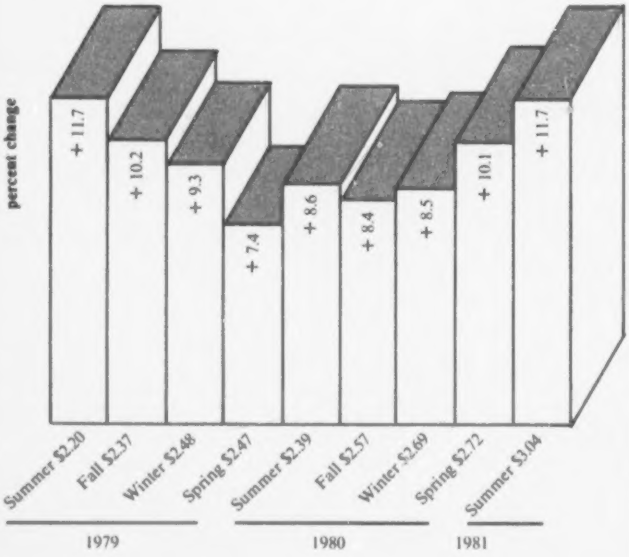
Families dine out more frequently...

During the summer quarter, both the number of families who went out to restaurants and the frequency with which they ate out increased. The average number of times customers visited restaurants increased 2.9 percent during the June, July, August period, and the proportion of families eating out rose 2.3 percent. These two factors contributed to the rise in restaurant customer counts.

When the average number of visits is analyzed by restaurant type, most of the gain can be attributed to a 6.6 percent increase in the number of visits to family restaurants. Families were also eating out more often at other types of restaurants.

The number of visits to fast food restaurants increased 1.8 percent and visits to cafeterias increased 1.0 percent. Atmosphere/speciality restaurants experienced the slowest rise in the number of visits during the summer quarter—up only 0.4 percent from the same period a year ago.

Average per person check* (Summer '79 -Summer '81)



*Based on average two-week period

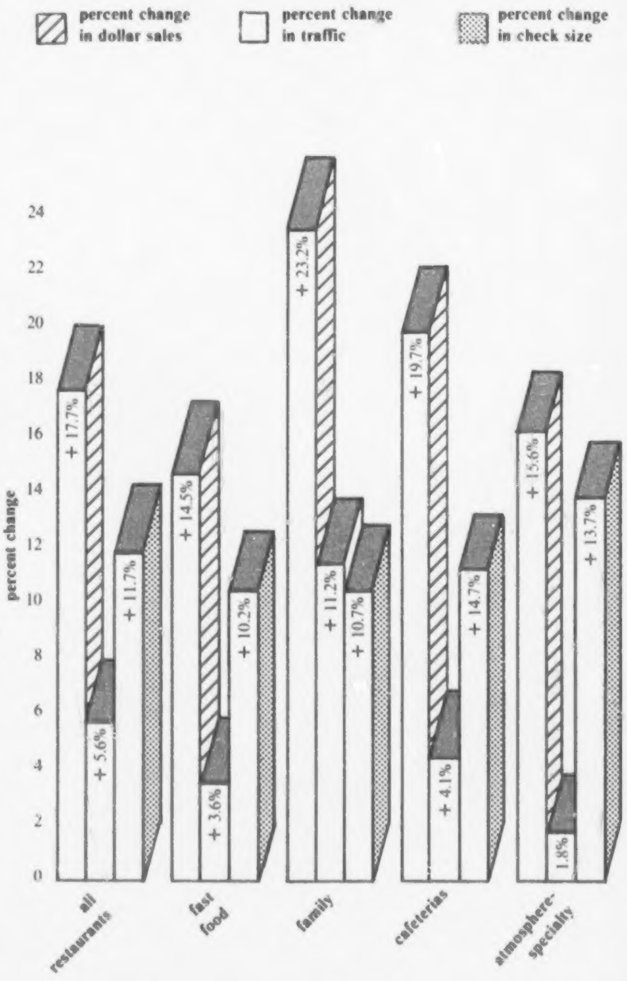
Source: CREST

Industry sales post largest gain in two years...

Industry sales this past summer posted the second consecutive period of strong growth. The 17.7 percent gain reported in the most recent CREST period surpasses the 16 percent advance during the spring quarter. This rise is the largest sales advance in over two years.

The average expenditure for a restaurant meal or snack (eater check size) increased 11.7 percent for all restaurants compared to a rise of 10.1 percent in the previous quarter. The advance in the summer quarter may be the result of changes in the number and type of menu items ordered by patrons. CREST information indicates con-

Summer quarter performance by select restaurant type



Source: CREST

sumers ordered more menu items as well as more expensive ones.

Promotional activity continues at a high level...

Restaurant operators are continuing to use promotions as a means of increasing customer traffic and building repeat business. In the summer quarter, 8.1 percent of the meals consumed away from home were attributed to promotional activities. This is up 0.3 percent points from the same quarter last year.

Fast food and family restaurants use promotions more frequently than other types of restaurants. During the summer quarter, promotions were responsible for a similar proportion of fast food restaurant meal occasions as in the summer of 1980—9.8 percent. At family restaurants promotions were responsible for a larger proportion of meal sales than the same period last year—8.4 percent during the summer quarter compared to 7.7 percent during the same period in 1980.

Traffic increases at all restaurant types...

The recent CREST survey indicates that customer traffic increased at all restaurant types. Family restaurants and coffee shops posted the largest gains.

As already stated, more frequent visits by families, as well as an increase in the number of families eating out, contributed significantly to the gain for these two restaurant categories.

Promotional usage at these restaurants types was also up in the summer quarter from the same period a year ago and may help to account for the improved performance.

Customer counts at family restaurants increased 11.2 percent in the summer quarter over the same period a year ago. This rise follows strong spring quarter gains of 8.3 percent. Family visits to these restaurants advanced 6.6 percent during the summer quarter compared to the same period a year ago.

The per person check size for family restaurants rose more slowly than the average for all restaurants in the June-July-August period—10.7 percent compared with the 11.7 percent average for all restaurants.

Promotional campaigns proved significant at family restaurants during the summer quarter, accounting for 8.4 percent of the occasions. Both the moderate increase in check size and continued use of promotions may have increased the consumers' perceived price/value relationship of a meal at family restaurants and probably contributed to the strong increase in traffic.

Fast food traffic up...

Traffic at fast food restaurants increased 3.6 percent in the summer quarter from the same period in 1980, but the increase was more modest than the 9.9 percent advance experienced in the spring. Previous gains in fast food traffic counts have been attributed to consumers 'trading down' to lower-priced outlets, however, now moderately priced restaurants appear to be benefiting from 'trading up' by consumers.

Also contributing to the traffic increase was a return to the eating-out market by some families that previously could not afford to eat out. CREST researchers believe, however, that some lower-income and blue-collar families who would have patronized fast food restaurants dropped out of the eating-out market during the summer. The effect of lower patronage by these groups contributed to the moderate rise in customer traffic at fast food establishments.

Cafeterias and coffee shops experienced an increase in customer traffic in the summer quarter. This gain was the first advance for cafeterias since the winter quarter of 1979. During the summer period, customer counts were up 4.1 percent at cafeterias from the same period a year ago.

Coffee shops experienced a stronger advance of 8.8 percent. Older persons and those in higher income categories tend to eat out at these restaurants more often. Analysis of the CREST data has shown that these consumer groups continued this trend in the summer quarter also.

The proportion of families eating out at cafeterias and coffee shops also rose. A rise in the number of families patronizing coffee shops contributed significantly to their improved performance during the summer quarter.

Atmosphere/specialty restaurants show smallest increase in traffic count...

Among the five restaurant categories, atmosphere/specialty restaurants posted the smallest advance in customer traffic in the most recent CREST quarter. Traffic increased only 1.8 percent from the same period a year ago. The average check size in atmosphere/specialty restaurants, however, rose at a faster rate than the average for all restaurants—13.7 percent versus the 11.7 percent average. This increase, along with a decline in promotional usage to 7.7 percent of the occasions from 9.7 percent in the prior spring quarter may have reduced the consumers' perceived price/value relationship of a meal at atmosphere/specialty restaurants and contributed to the slower gain in traffic.

Traffic increases for all meal occasions...

Traffic increased for each meal occasion during the summer quarter. Breakfast experienced the largest gain, up 11.7 percent. Customer counts at the morning meal have increased in all but one of the past eight quarters. Breakfast was the only meal to experience growth during the industry's slow periods in 1979 and 1980.

The strong gain in breakfast traffic during the most recent CREST quarter indicates this growth will probably continue. The advance in the June-July-August period is primarily the result of more families eating out for breakfast.

During the summer quarter, supper traffic increased seven percent over the same period in 1980. Families continued to return to the eating-out market for the evening meal in the June-July-August period. Frequency of visits for supper advanced 5.6 percent, indicating that families were eating out more often.

During the summer quarter, supper experienced one of the slowest gains in average check size for any meal—up 10.3 percent. This moderate rise in check size along with a high incidence of promotional usage may have increased the consumers' perception of the price/value relationship for the evening meal and probably accounts for the rise in the number of families eating out for supper.

Customer counts for the noon-day meal advanced 4.5 percent in the CREST summer quarter from the same period a year ago. This increase represents the second consecutive quarter of increased traffic for lunch. More families were eating out for lunch during the summer quarter, which accounted for much of the growth in traffic.

Snacking occasions also experienced a rise in customer traffic—up 2.5 percent from the same quarter in the prior year. This rise follows a strong 5.3 percent gain in the previous spring quarter. The increase in the summer quarter is primarily the result of more families snacking away from the home.

CREST (Consumer Report on Eating Share Trends) monitors customer behavior in the commercial sector of the foodservice industry. NRA reports quarterly on CREST behavior on sales trends in six categories of restaurants: (family, fast food, cafeteria, coffee shop, atmosphere/specialty and take out). Reporting on these trends aids the restaurateur in evaluating his own results against those for similar types of operations.

Executive compensation study being revised

NRA key members are reminded to fill out the executive compensation survey sent out by NRA in mid-September. Results will be used to update the 1979 study on executive compensation and benefits conducted in cooperation with Laventhol & Horwath.

The 1979 *Executive Compensation and Benefits in the Foodservice Industry* is a valuable tool for restaurant operators, providing them with an objective review and analysis on executive compensation packages.

Each NRA key member is urged to fill out the survey and return it to Laventhol & Horwath. If you have any questions, please contact NRA's research department in Washington, DC, or call (202) 638-6100.

What is CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry. While the study does track chain trends, a great deal more is available, including information by type and classification of restaurant and also by meal or snack period.

Some 10,000 families, or approximately 30,000 persons, are chosen to reflect the U.S. and participate in the study. Each family is asked to record restaurant experiences for a particular two-week period for each of the four quarters during the year. Because the study is repetitive, it allows an excellent opportunity to follow changing trends.

In order to properly complete the CREST diary, several steps are involved. Step 1 requires a daily entry for each meal during the two-week period for each household member. Whenever the code for restaurant purchases appears, the participant is asked to elaborate on the occasion by making further entries in the diary.

The second portion of the diary is used only if a household member ate or obtained food prepared away from home in establishments such as restaurants, hotels and motels, fast food/drive-ins, delicatessens, refreshment stands, carryouts, coffee shops, donut shops, ice cream shops, or eating places inside variety stores, or other retail stores. The diary will not include any meals eaten at schools, hospitals, colleges, or other institutional feeding places. When the two-week reporting period is complete, the diary is returned to NPD Research, Inc.

The CREST study is a joint effort of individual foodservice organizations acting in concert to fund a study perhaps beyond the economic reach of any of the individual participants. NRA is solely a participant in this study and not a sponsor. Readers wishing more information on how to participate in the CREST study should contact NPD Research Inc., 9801 West Higgins Road, Rosemont, IL 60018.

The CREST study is designed to provide information on customer behavior, not attitudes. This study will, therefore, provide the user with information on how much people spend, where they spend, what they spend on, etc. It will not tell people's attitudes toward a particular issue. It will, because it is an ongoing study, allow comparison against a standard or the development of trend analysis, and enable the operator to make decisions based on documented trends rather than casual observation.

Americans increase their taste for wine

The information presented in this article will be helpful for operators whether planning an advertising and promotional campaign featuring wine, or trying to decide if wine should be added to their menu.

Over the past decade, per capita* wine consumption in the United States increased from 1.3 gallons in 1970 to 2.1 gallons in 1980 — a gain of 61.1 percent.

Although an increase in the number of sophisticated beverage consumers and preference for lighter alcoholic beverages have contributed to this gain, wine consumption varies significantly by age, sex and income level. People age 35 to 54, individuals from high-income categories and females tend to order wine more frequently when dining out.

California ranks first in wine consumption...

The District of Columbia, Nevada and California have the highest per capita wine consumption in the U.S. (See chart.) Of the three, California is often ranked first for resident per capita wine consumption, because a large portion of the wine sold in the District of Columbia and Nevada is bought by non-residents.

Per capita wine consumption increased in all 50 states between 1970 and 1980. Idaho experienced the most rapid growth of 304.5 percent, followed by Maine at 300 percent and Montana at 255 percent.

Although California ranks third in per capita wine consumption at 4.41 gallons, wine consumption in other western states is also above the U.S. average of 2.11 gallons — Nevada at 5.01 gallons, Washington at 3.17 and Oregon at 3.10.

In the southern region, Mississippi, Arkansas, Georgia and North Carolina are among the states with the lowest per capita consumption of wine. Mississippi has one of the smallest per person consumption figures in the U.S. at only .61 gallons, followed by Arkansas at .69, Georgia at 1.19 and North Carolina at 1.25 gallons.

Results from the SIP (Share of Intake Panel) study, conducted for *Impact Newsletter* by National Family Opinion, Inc., also found that wine consumption was highest in the western region, accounting for 32.2 percent of total wine consumption in the U.S. during the first six months of 1980, while the southern region accounted for a relatively low 21 percent share.

Wine consumption increasing at restaurants...

Wine consumption at restaurants has been increasing. In the first six months of 1980, restaurants accounted for 11.3 percent of wine consumed, up from 8.1 percent in the same period in 1979. The proportion consumed at bars declined in the same period, falling from 5.0 percent in the first half of 1979 to 3.5 percent in the first half of 1980.

States with largest per capita wine consumption 1970 to 1980

State	1970 per capita consumption	1980 per capita consumption	percent increase
District of Columbia	3.94 gallons	6.49 gallons	64.7%
Nevada	3.01	5.01	66.4
California	2.93	4.41	50.5
New Hampshire	1.43	3.73	160.8
Rhode Island	1.78	3.37	89.3
Washington	1.80	3.17	76.1
Oregon	1.83	3.10	69.4
Vermont	1.74	2.95	69.5
Colorado	1.41	2.94	108.5
New Jersey	1.76	2.94	67.0
U.S. Average	1.31	2.11	61.1

Source: *Wines & Vines*, July 1981 (Reprinted with permission.)

The SIP study indicates that most wine is consumed at home, however, these figures are declining as more restaurants add wines to their menus. In the first six months of 1980, 64.5 percent of total wine consumption occurred at home compared with 66.7 percent during the same period a year earlier.

The largest share of wine consumed outside of the home, other than that consumed at restaurants and bars, occurs at parties or at other people's homes. Consumption on these occasions increased from 14.7 percent in the first six months of 1979 to 16.2 percent in the same period in 1980.

When people drink wine...

Wine is more popular at dinner than lunch. Forty-two percent of total wine consumption occurs at dinner while lunch accounts for only 8.9 percent of wine consumption. Snacking occasions, which include the cocktail hour, accounted for 16.2 percent of total wine consumption. The evening hours accounted for a significantly larger 32 percent share. Breakfast accounts for the smallest proportion of wine consumption by meal occasion at one percent.

---

*The per capia consumption figures presented in this report are based on the 1980 resident population of the U.S. and include all age groups. They are not comparable with those presented in the September 1980 *Foodservice Trends* which were based on the legal drinking age population only.

Results from the NRA consumer attitude survey, *Attitudes Towards Alcoholic Beverage Service in Restaurants*, also revealed that most restaurant wine consumption occurs at the evening meal. Seven percent of the respondents reported they nearly always or occasionally drink wine at lunch, however, over three times this number, 25 percent, said they nearly always or occasionally drink wine at dinner.

Wine consumption varies by sex and age...

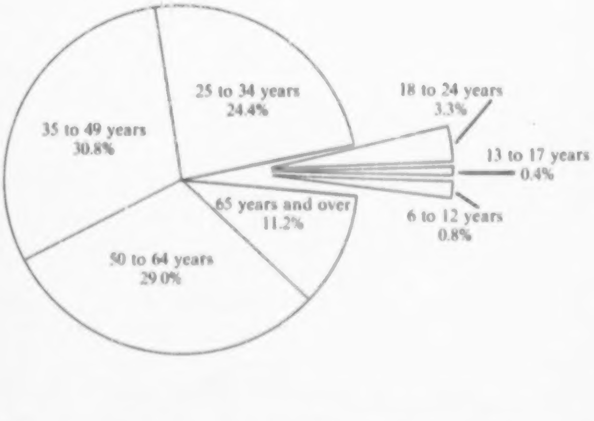
The results of an NRA/CREST study on the demographics of menu items ordered reveal that females tend to order wine more often than males when dining out. Women order wine on 54.5 percent of the occasions while men order it only 45.5 percent of the occasions. The SIP study confirms this trend. In the first six months of 1980, females accounted for 51.6 percent of total wine consumption compared to only 48.4 percent for males.

The NRA consumer survey also found that females tend to order wine more often than males, particularly at dinner. Twenty-seven percent of the female respondents reported they nearly always or occasionally order wine at dinner compared with 24 percent of the male respondents.

People age 35 to 49 order wine more often in restaurants than any other age group. (See chart.) This age group accounted for 30.8 percent of the wine ordered in restaurants. The NRA/CREST study also found that people from white-collar households whose incomes are $30,000 and over order wine more frequently than people from families with other occupations and lower income levels.

Findings from previous consumer research conducted in this area revealed similar patterns. People age 35 to 54 and households with an income of $25,000 and over were found to be much more likely to order wine when dining out than younger persons and those from households in lower income categories.

Percent of restaurant occasions on which wine was ordered by age group



Source: NPD Research Inc., Crest Family Diary Panel, winter and spring quarters, 1981

NRA
Industry Index

Retail sales ($000,000)	Aug. 1981	Percent vs. year ago	Year to date sales 1981	Percent change vs. year ago
All retailers	$88,689	+8.5%	$674,496	+10.5%
Eating and drinking places	8,502	+7.3	63,109	+10.4
Food stores	19,872	+4.0%	155,896	+9.6

Source: Bureau of Census, unadjusted data, subject to revision

Consumer Price Index (August 1981)	percent change vs. August year ago	Percent change 1981 to date vs. year ago
Food at home	+6.4%	+9.0%
Food away from home	+8.9	+9.4
All items less food	+11.6	+10.8

Source: Bureau of Labor Statistics

Eating place indicators ($000,000)	July 1981	Percent change vs. year ago	Year to date sales	Percent change vs. year ago
Eating place sales	$7,529	+11.5%	$48,413	+10.9%

	Percent change vs. year ago	Percent year to date vs. year ago
Real eating place sales (July)	+2.3%	+1.4%

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations, subject to revision.

Employment and earnings	July 1981	Percent change vs. year ago
Total employment	4,898,700	+2.6%
Non-supervisory	4,520,400	+3.0
Non-supervisory average hourly earnings	$3.92	+6.5
Average weekly hours	26.9	+0.7

Source: Bureau of Labor Statistics

AT YOUR SERVICE

Foreign tourism in U.S. increases

The number of foreign tourists visiting my restaurant continues to increase. Can you provide some tips to help me serve them better?

In 1980, the U.S. experienced a record increase in the number of international visitors. Approximately 22 million foreigners visited our country last year—an 11 percent gain over the previous year. Excluding air fare, foreign tourists spent more money in restaurants and other dining places than on any other travel expense.

Expenditures by international travelers in the U.S. during 1980

Food	24%	$2.4 billion
Incidentals	23	2.3
Transportation	20	2.0 (in U.S. only)
Entertainment	17	1.7
Lodging	16	1.6

Restaurant operators, attempting to attract and serve foreign guests, can provide a more hospitable atmosphere for this special group of patrons. Alleviating any problems posed by language barriers is an excellent starting point.

- Provide multi-lingual menus or a menu translator—university language departments and local language clubs may provide translations for free.
- Teach employees a few basic phrases in foreign languages.
- Learn what your foreign guests have been eating since their visit began and suggest new menu items.
- Attempt to hire at least one bilingual employee.
- Contact local municipal and highway officials to obtain multi-lingual direction signs for your restaurant.
- Provide city maps and city guidebooks which you can obtain by writing your local Chamber of Commerce.
- Finally, management staff should make a special effort to personally greet and welcome the international guest.

The following data on 1980 and 1981 foreign tourists broken down by country may assist restaurateurs in the planning and acquisition of multilingual material. Keep in mind, however, that these figures represent overall tourist travel by foreigners in the U.S. For data on foreign arrivals relative to your geographic area you should contact local or state tourism offices.

For additional information on foreign travel, service and menu translations contact the Information Resource Center at the National Restaurant Association in Washington, D.C.

Major foreign visitors to the U.S. by country 1980 and 1981 foreign arrivals

	1980	percent change*	1981	percent change*
Canada	11,360,000	*6%	11,700,000	*3%
Mexico	2,700,000	*17	3,000,000	*11
Overseas	8,100,000	*16	9,040,000	*11
Europe	3,550,000	*15	4,000,000	*13
U.K.	1,300,000	*30	1,480,000	*14
Germany	705,000	*18	790,000	*12
France	400,000	*23	460,000	*15
South America	1,250,000	*23	1,530,000	*22
Venezuela	490,000	*26	612,000	*25
Asia	1,980,000	*15	2,130,000	*8
Japan	1,175,000	*15	1,280,000	*9
Other Overseas	1,320,000	*6	1,380,000	*5

* increase over previous year

BILL OF FARE

Merry Menus

Plan holiday spirit and Christmas cheer in your restaurant

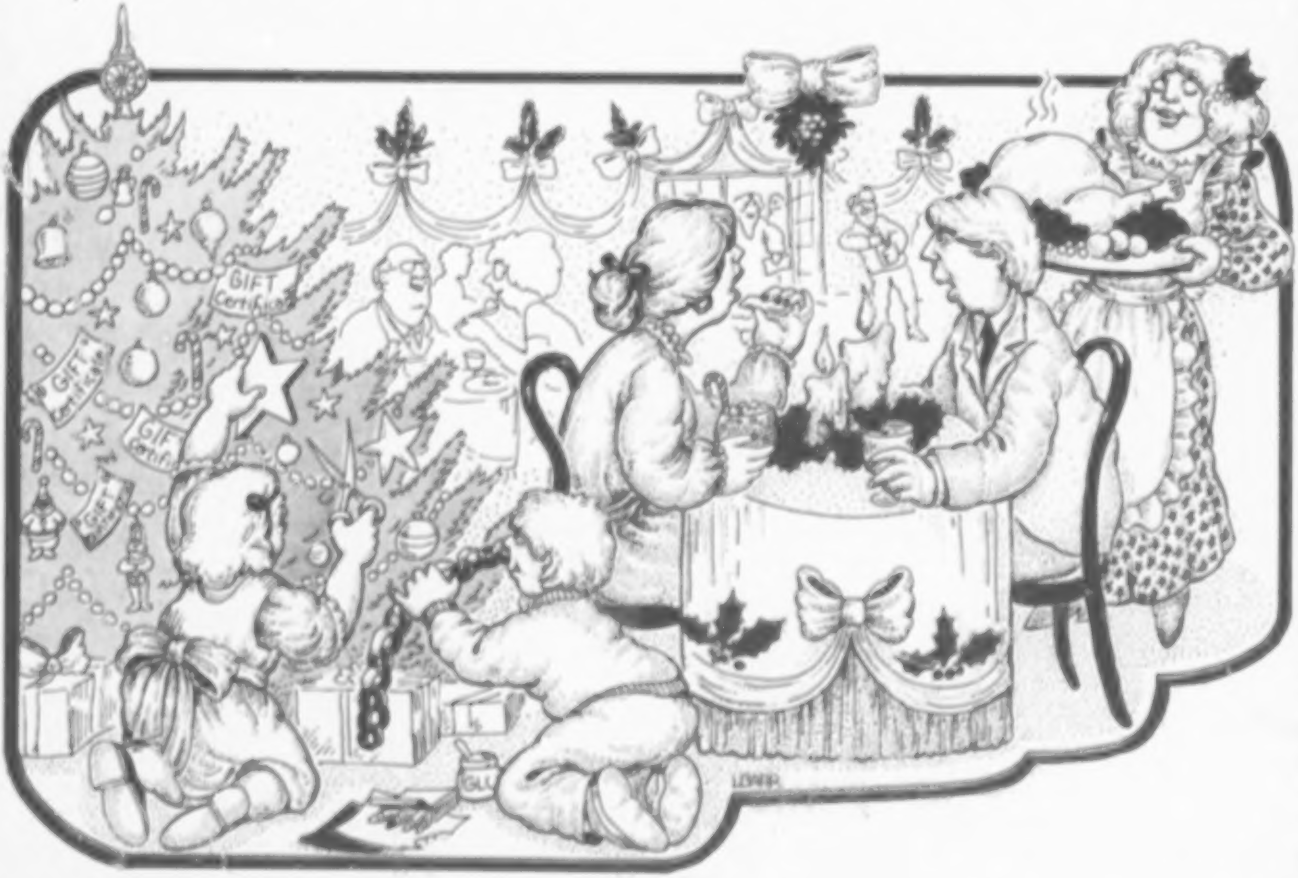
Holiday
TREATS

Christmas. The very word is exciting. Almost no other word in the English language can conjure up so many emotions. Everyone seems to be vulnerable to the delightful power of the holiday season, and any restaurateur worth his salt will rise to the challenge of helping guests enjoy the yuletide spirit to the fullest.

The holidays are an opportune time to experiment with new menu ideas, create fanciful decorating motifs, add unusual drinks, give special, unexpected treats and generally spread good tidings. Of course, increased profits will add to the cheer.

Start by creating a holiday mood by decorating. When you think Christmas, think bright colors, particularly red and green. Fortunately, food and drink also lend themselves to the holiday colors. (Just think what a predicament you would be in if blue were a Christmas color.)

We'll talk more about decorating with food later, but now let's concentrate on non-edible items and creating a holiday atmosphere in your restaurant. Mistletoe is always a popular item. It sets a pleasant mood, it's inexpensive and the colors are perfect. Display it generously. Chances are that you're already placing candles on the tables. During this season, be sure that all the candles are red and green. Don't forget holly on the tables.



Give children a chance to decorate...

Make your Christmas tree special. There's a lot of promotional mileage to be had here. You could set aside a section for children to work on making ornaments to hang on the tree. While the little ones are happily occupied, their grateful parents can have a moment to relax over cocktails before lunch or dinner. You'll end up with a tree decorated with ornaments that couldn't be purchased at any price.

You can also hang colorfully printed gift certificates on the tree. Assume open pride in your tree and encourage guests to inspect it.

Your restaurant's specialties, such as desserts, soups or chili, make great gifts. Many idea-weary shoppers will welcome the gift suggestion and be grateful that one more task can be completed so painlessly. Package gifts in holiday cartons with a gift card stating your restaurant's name and address. Empty colored cartons can be hung on the tree or placed under it to add to your decorating motif.

Let everyone know that the holiday season is special to you. Offer special items on the menu to help guests celebrate the season. If reprinting the entire menu is too expensive, use gaily printed table tents listing your holiday treats. Or even less costly than that, merely instruct your waiters and waitresses to mention the specials at each table.

You might even have your special holiday recipes printed up on Christmas cards.

Meals with a color scheme...

When promoting your holiday business, don't overlook breakfast and brunch. Saturday has always been a popular shopping day, but now more and more people are also spending Sundays in the stores.

A holiday brunch is a great start to a busy day. Tailor the menu to fit the festive occasion. Introduce seasonal drinks like eggnog and champagne. Turkey hash with cranberry sauce, turkey or ham-filled crepes and oven-baked apple pancakes are all possibilities. For the pancake, simply bake batter with spiced apples in a hot oven. Complement it with Canadian bacon and preserves.

Be sure to have a good selection of warm breads and rolls on hand. Nut breads, fruitcakes, cranberry muffins and apple muffins are just a few that are well-suited for the occasion.

Many people who will want to try your special desserts are inhibited by their calorie content. A special salad made with just red, green and white vegetables will satisfy their taste buds and look especially festive. Use spinach instead of lettuce because the color is brighter. Use cherry tomatoes, red peppers, radishes and cranberries, green peppers and asparagus. And for a dash of white, use cauliflower, hard-boiled eggs, onions and a creamy, white dressing.

A hot meal that would satisfy the same dietary concerns is an omelet with tomatoes and green peppers. Use parsley freely.

Don't forget the cheer...

You might want to feature a special Christmas happy hour with cocktails between three and five o'clock. Also have these cocktails available with lunch and dinner.

Drinks made with colorful beverages like cranberry liquor, sloe gin, green Chartreuse and Galliano will be a hit. Names like Yule Log, Santa's Helper, or Top of the Tree add to the spirit of Christmas.

Experiment with these drinks during the holidays. If you find a customer ordering the same drink more than once, you know it is more than just the name and bright colors. The names can always be changed and served at other times of the year.

Added extras might include a bowl of nuts with a nut cracker at each table.

What about dinner during the season? The holidays provide chefs with wonderful opportunities to explore and expand their repertoire. An elegant feast is just waiting to be created.

Christmas extras for staff and guests...

All of your holiday planning should be done with the idea of giving and creating goodwill. A special surprise treat not mentioned on the menu will contribute to the general feeling of festivity. Colorful candies or cookies will add that special touch.

Don't forget your employees at Christmas. You can offer them a gift certificate for a neighboring restaurant. And invite local restaurateurs to do the same at your restaurant. Extend the feeling of good cheer to everyone. A waiter or waitress with true holiday spirit can set the mood of the meal.

TRENDSETTERS

Labor Force 1990

Industry employers search for education, experience, commitment and business orientation

by Elise Tinsley

In 1980, the foodservice industry employed eight million people in full and part-time positions. By 1990, it will employ 7.8 million individuals in full-time positions alone.

Although human resources have long been accepted as one of the critical areas of restaurant management, the scope of employment concerns will no doubt take on new dimensions during the next decade.

1984, although not the ominous world portrayed by George Orwell, is almost upon us and with it is coming what some sociologists call the "people problem" but what industry prefers to label "employment opportunities."

The concern is not quantity but quality, according to personnel placement specialists in the foodservice industry. Recruiters say they are looking for a new breed of entry-level employees qualified to undertake management positions in the ever expanding list of restaurant formats which have developed during the past few years. Classified ads are demanding education, experience, commitment and business orientation from perspective managers.

"There's been somewhat of a change in the degree of sophistication demanded of employees," explained David Roth, president of Roth Young, an executive recruitment firm based in New York. "Entry-level managers in the foodservice industry are more educated. I don't mean they have master's degrees, but they are going to school to become specialists."

Education, however, still doesn't count as much as experience with today's restaurant operator, Roth explained.

Jay MacDermott, director of hospitality for Baxter Reynolds Personnel Consultants, Inc., Hartford, CT, agrees. He says the emphasis is now on experience, though companies look for HR&I school graduates as a sign of commitment to the industry.

"Generally, we don't look for people just graduating from schools," says MacDermott. "We like them to have at least two years experience."

More than just experience, Joseph Randazza, manager of fast food and business and industry for Fortune Personnel Hospitality Food Service Consultants, NY, seeks individuals who can become business managers with more than hands-on experience.

A recent change from traditional management, the new candidates offer business degrees and entrepreneurial sense. Randazza says the applicant for the restaurant job also must change the way he or she thinks about the industry.

"The industry is starting to use sophisticated business systems," Randazza explained. "Employers are more interested in entrepreneurs than in technicians. And companies are looking for people who have chosen this industry.

"From an entry level position, the most marketable individual is one with a degree in hotel, restaurant or business management," he continues. "But more important—does the candidate understand the industry? We're concerned with the individual's level of commitment."

George Alley, an associate professor in the Rochester

Institute of Technology's School of Food, Hotel & Tourism Management, complains that the fundamental problem is convincing the general population, from high schools through the mainstream work force, that the industry exists as an industry.

Alley contends that the reason operators have trouble finding the people they need—at all levels—is that the restaurant industry is looked upon as a third choice in the work scenario.

Joseph Randazza of Fortune Hospitality says he spends a lot of time convincing prospective job applicants that operating a fast food restaurant is the same as running any million-dollar business. "The problem is that most people look at a fast food operation from a customer's perspective," he says.

Alley believes the industry is undermined by seemingly unshakeable stereotypes, as well as by the U.S. government. "The government is at fault in its reports," he explains. "To a lot of people, the food business only means cooks. Rarely, if ever, do government reports mention management.

"Another thing that complicates the issue is that the government has changed the nomenclature," he continues. "It has thrown all food management under the broad category of home economics. If students look for careers in food management and see it listed under home ec, they'll get turned off."

A campaign aiming at the grass roots—particularly at high schools—is vital to the continued growth of the industry, which will be in dire need of qualified personnel throughout the 1980s, says Alley.

The films and brochures that the National Restaurant Association is preparing are a good beginning. The NRA lobbying effort aimed at getting the government to reclassify foodservice management courses is also a step in the right direction. But changing the image of an industry has to involve an effort of that industry as a whole.

"This is a good industry," argues Randazza. "People are very well compensated."

"In the next few years I think turnover will be lower because people will see more clearly that the industry has stabilized. They will find niches and stay in them," he says. "The problem that must be overcome is investment in people. Many operators will spend $2,000 to $3,000 to change a concept in their restaurant, but they won't spend money on management. They have to learn how to increase the bottom line through management."

The context changes as do the needs over the years. But problems continue. As people-oriented and personnel-intensive industry, foodservice must approach its human resources with the same sophistication it brings to business practices. Machines can't walk out of an operation— at least not on their own. Without proper attention to finding and keeping quality employees, restaurateurs may find themselves with the rudiments of operating and no way to make it work.

College enrollment in HR&I programs increases

More college-trained people than ever will be managing the foodservice industry in the 1980s, according to a study conducted jointly by NRA and the National Institute for the Foodservice Industry.

Graduation from foodservice and hospitality management programs was up over 60 percent from 1977. Projections indicate that the trend will continue during the next three years.

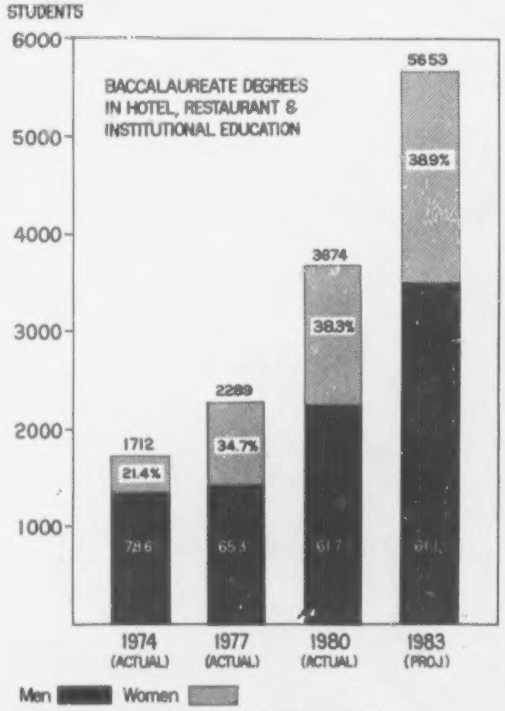
In 1977, 73 colleges and universities offered degrees in the hotel, restaurant and institutional management field awarded baccalaureate degrees to 2,289 persons. In 1980, 84 schools graduated 3,674 students.

The survey predicts a 53.9 percent increase in the number of graduates between 1980 and 1983.

In the next three years, the number of graduates is projected as follows: 1981-4, 148; 1982-4, 942; 1983-5, 653.

More women are earning baccalaureate degrees in foodservice and hospitality. The ratio of men to women graduates in 1980 was 61.7 percent male to 38.3 percent female. In 1977, the graduating classes were comprised of 65.3 percent men and 34.7 percent women. In 1974, the proportion was 78.6 percent male and 21.4 percent female. This trend will continue, but at slower pace, in the 1980s.

The NRA-NIFI survey indicates that there are currently 13,963 full-time students at four-year colleges. This compares with 10,361 full time students in 1977.



Source: National Institute for the Foodservice Industry

TASTEMAKERS

Self awareness—an asset for restaurant management

It's not hard to find a restaurant manager who has had days when he wanted to stick his head—instead of a chocolate souffle—in the oven, or one who'd rather throw a tomato than slice it. Days like that are only natural, particularly in a business as demanding and challenging as foodservice.

According to Drs. John Batrus and Lewis Hollweg, management consultants to industry and leaders of a management personal effectiveness workshop for restaurateurs, the most successful managers are those who are equipped to deal with job-related stress. They are managers who are also aware, alert, energetic, sensitive and flexible.

"Managers set the tone for the entire restaurant," Batrus explained. "How the operation runs has a lot to do with how well a manager is able to read himself and relate to his staff."

Personal goals are met through awareness...

Awareness and communication are two of the most important skills for personal effectiveness, stressed Hollweg at a two-day workshop in Dallas, TX, last month. Self awareness, active expression, active listening and stress management are the keys to achieving work, family and personal goals, explained Batrus and Hollweg. They stress that managers must

1. be responsible for their actions
2. deal with aggression and emotions
3. motivate others
4. relate feelings
5. convey intimacy and
6. encourage cooperation.

"It's a pretty tall order," Batrus admitted. "But after going through the workshop, most of us realize we're already...wonderful human beings."

Batrus pointed out four kinds of knowledge which lead to self awareness: knowledge of self, knowledge of others, knowledge of how others see us and knowledge of how we see others. Each affects the way we perceive ourselves and those around us, he explained.

Dealing with negative feedback...

"Everyone must learn to deal comfortably with both positive and negative feedback," he added. "Too many folks have an unreasonable need for approval. If you feel good about yourself, you won't need four million people to tell you that you're okay."

"Once you accept yourself," Hollweg noted, "you'll have an easier time accepting and understanding family, friends and co-workers."

"The problem of personalization is one we see time and time again," Batrus commented. "Many people assume that because someone doesn't like their decision or actions, they don't like them."

Workshop participants are encouraged to find out exactly what someone else is thinking. "Get an explanation; ask questions," Hollweg urged. "Know why the other person made a particular decision or reacted in a certain way. It's up to the manager to facilitate communication within a restaurant."

Two of the most critical phrases a person can master are "I think" and "I feel." According to Batrus, it's the "I" that's most important.

"The only ones who can get away with using the pronoun 'we' are the Pope and someone with tapeworms. For everyone else, effective communication requires a clear identification of who is doing the thinking and feeling," he said.

Other ingredients for active expression are well-defined objects and an accurate inquiry. Common errors in expression include

- generalization—assuming one experience holds forever
- mindreading—assuming knowledge of others' feelings and thoughts
- Cassandra—anticipating failure and
- presupposition—misplacing cause and effect.

For practice and reinforcement of these principles, Batrus and Hollweg asked workshop participants to find the mistakes in such common statements as "You've got to play ball in this company," and "It's not fair." In the first case, a manager will get better results with "I think teamwork is important to successfully reduce labor costs." For phrase two, they might try "I feel frustrated because every employee isn't taking his turn working the late shift."

Essentially, what should occur is that the manager must

1. take responsibility for his thoughts and feelings
2. be specific
3. not make an accusation
4. encourage feedback and
5. not make assumptions.

"One of the best things a manager can do for himself and his employees is to get friendly with his feelings," Batrus said. "Feelings can be an ally or enemy. Why not use them to your best advantage?"

Feelings are important on the job...

He also pointed out a common complaint of employees—"Management just doesn't care." "This goes back to a long-standing belief in many companies that feelings don't belong on the job. Facts and figures are much less risky and far more important," Batrus pointed out.

It's easier to motivate when management pays attention to feelings," Batrus added. "It's an extra dimension that carries incredible weight."

According to Hollweg, a good communication system encourages all kinds of feelings. "The earlier you identify a problem, the simpler it is to solve."

A basic yet critical point is to always ask for what you want. "Be careful about what you take for granted. Be clear and open about your goals, needs and feelings. And don't hesitate to make an accuracy check. It's as easy as asking, "What did you hear me say?"

Cutting through misconceptions...

Misconceptions occur because everyone carries his or her own "map" of the world, explained Hollweg. Genetic make-up, family upbringing and cultural forces are all influential.

"Try to understand the shape and balance of your own map," he advised. "And remember, the cause of many communication problems is simply a different perception of events."

What are some common pitfalls to watch? Batrus and Hollweg have come up with a list of what they call "hobblers and sappers"—ways of hindering your talents and sapping your energy.

- **All-or-nothing thinking**
  Life is rarely all one way or another. All-or-nothing thinking forms the basis for perfectionism—which few, if any, can live up to. Why set yourself up to fail at your own exaggerated expectations?
- **Overgeneralization**
  Don't arbitrarily conclude that just because something happened to you once, it will happen over and over again.
- **Mental filter**
  You pick out negative details in a given situation and dwell on them exclusively. Naturally, everything else appears negative.
- **Emotional reasoning**
  You take emotions as evidence for the truth. It's a self-fulfilling prophecy: "I feel like a failure, therefore, I am a failure."

Other hobblers and sappers deal with jumping to conclusions, labeling, guilt and minimizing the positive. Each, in its own destructive way, reduces one's job performance.

Still another important skill managers can develop is active listening. "When you reflect a feeling back to the giver, you're showing you care about his point of view," Batrus said. "It instantly breaks any cycle of accusations."

Hollweg added, "You can't continue to fight with someone if they're trying to understand you."

There are, however, a number of ways a listener does communicate non-acceptance. According to Batrus, each is guaranteed to put an end to any conversation. Among the most common are responses that

preach—you ought to...
blame—you're wrong...
order—you have to...and
threaten—you better not....

More sure turn-offs are lecturing, interpreting and name-calling.

"You can't solve a problem until you cut through the emotional part," Batrus said. "People communicate more than just words or ideas. Managers should try to look and listen for the feelings behind the verbal message."

Again, sensitivity is the issue. "Whether you're dealing with staff or customers, an effective communicator is aware of what's going on inside himself," Batrus stressed. "He's allowed himself to undergo a lot of different feelings. He's able to understand what others need by relating it to his own experiences.

"It's this emotional contact that motivates employees and encourages hospitable behavior. It's what makes people tip and what gets them to return to a restaurant," he explained.

Hollweg added, "If the tone of the operation is up, you can change the attitude of even the most surly customer."

HOT OFF THE PRESS

Industry operations report released by NRA

In a joint effort by the international accounting firm Laventhol & Horwath and NRA, the long awaited report, *Restaurant Operations Report 81,* has just been published. The results of this extensive study provide industry executives with current financial and operating information on the domestic foodservice industry.

For easy comparison to your own operation, the results of the research are expressed as dollars earned per restaurant seat and as ratios to sales. The report divides restaurants into two major categories—those restaurants serving food only and those serving both food and alcoholic beverages. Tableservice restaurants and cafeterias are also analyzed in this study. Specific financial information is charted for restaurant type, location, years of operation, sales volume and menu theme.

The detailed comparison of how other operators are managing may help you discover alternative methods for solving budget problems.

An additional highlight of the *Restaurant Operations Report* is a report of operational results for every region of the U.S. These regional status reports analyze the recent history and project the future trends.

Who is eating out?...

The average person age eight or older eats out 3.5 times during a seven-day period, according to the *Meal Consumption Behavior Study,* available through NRA's educational materials bookstore. During April and May, the NRA research department conducted a survey of consumers by mail to learn where their meals are prepared and which meals are skipped. The report will aid restaurant operators measure their sales growth, find out where new opportunities lie and increase dollar sales.

Some of the findings of the 53-page report are

- Of all weekly meals, seven out of 10 are prepared at home or at a friend's home, two of 10 are prepared commercially and one out of 10 is skipped.
- Lunch is the meal most likely to be eaten out, fifty-one percent of people eight and older stating they had eaten commercially prepared food for lunch at least once in the past seven days.
- Forty-seven percent of those surveyed ate out for dinner at least once in the previous seven days and 15 percent had eaten out for breakfast.
- Persons aged 22 to 40 eat out more frequently than other age groups.

Persons 65 and older eat out infrequently.
- The average person age eight or older skips 1.3 breakfasts, six lunches and only 0.1 dinners in a seven-day period. The persons who eat out most frequently (22-40 years old) are most likely to skip meals. Nearly 45 percent of respondents in this age group say they had not eaten breakfast one or more times in the past seven days and about 25 percent stated they had missed lunch on at least one occasion.

These new facts on individual meal consumption behavior will aid operators plan advertising and promotional campaigns.

Do-it-yourself market research available now

NRA's new handbook, *Market Research for the Restaurateur* is vital to the industry because it provides restaurant operators and managers with accurate and current information on which to base decisions, explained Victor J. Impeciato of Atlanta, GA. Impeciato is chairman of the Information Services Committee which was responsible for the Market Research Handbook. The objective of this book is to assist owners and managers in using established market research techniques to meet their business needs.

Organized in six chapters, the 118-page book begins with a definition of modern market research. It proceeds in step-by-step fashion through the development of a campaign and its application to an individual restaurant. Several worksheets and sample analysis forms are included on menu sales patterns, customer attitude interpretation and measuring a unit's performance against the competition.

NRA's consumer attitude questionnaire is a major feature of the book. Operators are encouraged to use this questionnaire to study how their customers perceive their restaurant. The National Restaurant Association's data processing center will provide computer analysis of these questionnaires and a report will be returned to the operator.

NRA Director of Research Susan Mills emphasizes that the book is a practical guide. "It shows operators who have no background in market research how to use surveys to assist in sound operational and promotional decisions."

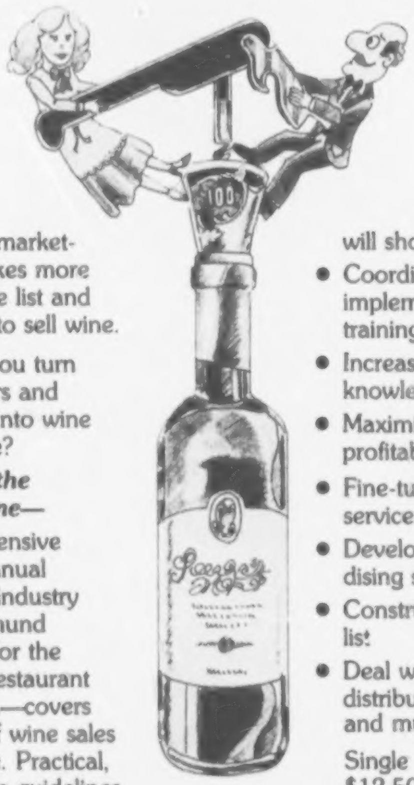
The book's survey exercise requires no knowledge of statistics or computers and relies only on basic mathematics. It will help take the guesswork out of important management decisions leading to more accurate business forecasts and controlled growth of profits.

To order any of the publications mentioned, please use the response card.

Introducing Data Deli, the new NRA computer

Thanks to Data Deli, the new Hewlett Packard computer that has joined the ranks of the NRA staff, the Educational Materials Bookstore can now guarantee shipment of your book and film orders within one week. We apologize for any delays while we were switching computers and look forward to assisting you in the future.

Just phone in or mail your order to our customer service representatives, Johnny Peake or Mamie Carson. Your requests will be handled immediately.



A New TWIST to Selling Wine

In today's marketplace, it takes more than a wine list and corkscrew to sell wine.

How can you turn your waiters and waitresses into wine salespeople?

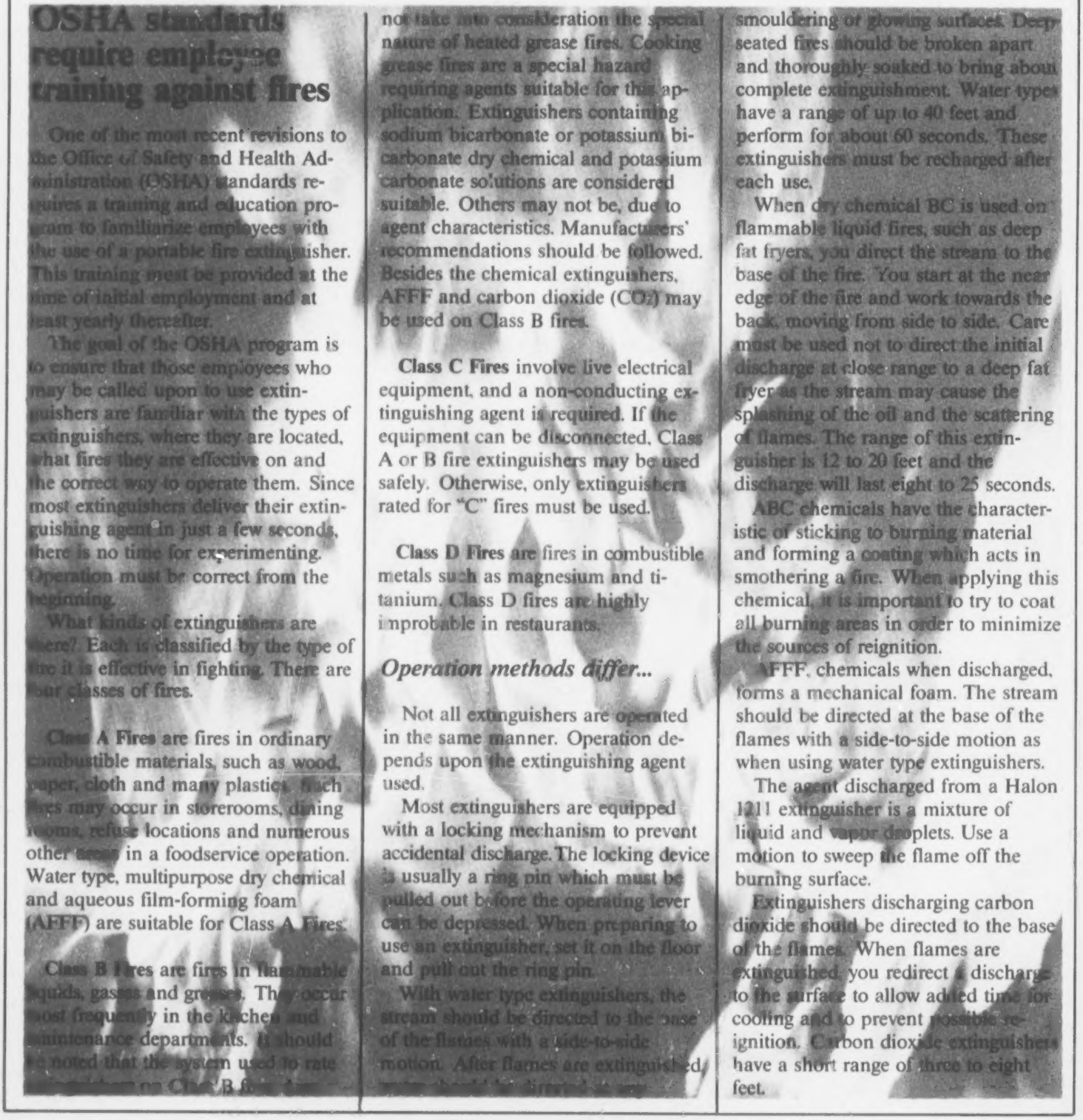
Wine and the Bottom Line—
a comprehensive training manual written by industry expert Edmund Osterland for the National Restaurant Association—covers all facets of wine sales and service. Practical, step-by-step guidelines will show how to
- Coordinate and implement a training program
- Increase product knowledge
- Maximize profitability
- Fine-tune wine service
- Develop merchandising skills
- Construct a wine list
- Deal with distributors

and much more.

Single copies are $12.50. Quantity discounts available.

NRA
NATIONAL RESTAURANT ASSOCIATION
311 First Street, N.W. Washington, D.C. 20001

PUBLIC HEALTH & SAFETY



OSHA standards require employee training against fires

One of the most recent revisions to the Office of Safety and Health Administration (OSHA) standards requires a training and education program to familiarize employees with the use of a portable fire extinguisher. This training must be provided at the time of initial employment and at least yearly thereafter.

The goal of the OSHA program is to ensure that those employees who may be called upon to use extinguishers are familiar with the types of extinguishers, where they are located, what fires they are effective on and the correct way to operate them. Since most extinguishers deliver their extinguishing agent in just a few seconds, there is no time for experimenting. Operation must be correct from the beginning.

What kinds of extinguishers are there? Each is classified by the type of fire it is effective in fighting. There are four classes of fires.

Class A Fires are fires in ordinary combustible materials, such as wood, paper, cloth and many plastics. Such fires may occur in storerooms, dining rooms, refuse locations and numerous other areas in a foodservice operation. Water type, multipurpose dry chemical and aqueous film-forming foam (AFFF) are suitable for Class A Fires.

Class B Fires are fires in flammable liquids, gasses and greases. They occur most frequently in the kitchen and maintenance departments. It should be noted that the system used to rate [illegible] on Class B [illegible] not take into consideration the special nature of heated grease fires. Cooking grease fires are a special hazard requiring agents suitable for this application. Extinguishers containing sodium bicarbonate or potassium bicarbonate dry chemical and potassium carbonate solutions are considered suitable. Others may not be, due to agent characteristics. Manufacturers' recommendations should be followed. Besides the chemical extinguishers, AFFF and carbon dioxide (CO_2) may be used on Class B fires.

Class C Fires involve live electrical equipment, and a non-conducting extinguishing agent is required. If the equipment can be disconnected, Class A or B fire extinguishers may be used safely. Otherwise, only extinguishers rated for "C" fires must be used.

Class D Fires are fires in combustible metals such as magnesium and titanium. Class D fires are highly improbable in restaurants.

Operation methods differ...

Not all extinguishers are operated in the same manner. Operation depends upon the extinguishing agent used.

Most extinguishers are equipped with a locking mechanism to prevent accidental discharge. The locking device is usually a ring pin which must be pulled out before the operating lever can be depressed. When preparing to use an extinguisher, set it on the floor and pull out the ring pin.

With water type extinguishers, the stream should be directed to the base of the flames with a side-to-side motion. After flames are extinguished, [illegible] smouldering or glowing surfaces. Deep seated fires should be broken apart and thoroughly soaked to bring about complete extinguishment. Water types have a range of up to 40 feet and perform for about 60 seconds. These extinguishers must be recharged after each use.

When dry chemical BC is used on flammable liquid fires, such as deep fat fryers, you direct the stream to the base of the fire. You start at the near edge of the fire and work towards the back, moving from side to side. Care must be used not to direct the initial discharge at close range to a deep fat fryer as the stream may cause the splashing of the oil and the scattering of flames. The range of this extinguisher is 12 to 20 feet and the discharge will last eight to 25 seconds.

ABC chemicals have the characteristic of sticking to burning material and forming a coating which acts in smothering a fire. When applying this chemical, it is important to try to coat all burning areas in order to minimize the sources of reignition.

AFFF, chemicals when discharged, forms a mechanical foam. The stream should be directed at the base of the flames with a side-to-side motion as when using water type extinguishers.

The agent discharged from a Halon 1211 extinguisher is a mixture of liquid and vapor droplets. Use a motion to sweep the flame off the burning surface.

Extinguishers discharging carbon dioxide should be directed to the base of the flames. When flames are extinguished, you redirect a discharge to the surface to allow added time for cooling and to prevent possible reignition. Carbon dioxide extinguishers have a short range of three to eight feet.

NRA
SEMINAR SCHEDULE

Bar Management

Nov. 16-18	Seattle, WA
Jan. 18-20	Dallas, TX

Menu Development

Dec. 3	San Francisco, CA
Jan. 4	Atlanta, GA
Jan. 6	Ft. Lauderdale, FL
Jan. 25	Portland, OR
Jan. 27	Los Angeles, CA

Creative Merchandising Techniques

Nov. 17	Toledo, OH
Jan. 11	Milwaukee, WI

Practical Foodservice Sanitation

Nov. 12	Manchester, NH
Nov. 30	Irvine, CA
Jan. 27	Seattle, WA

Fish and Seafood

Nov. 11	Chicago, IL
Jan. 5	Boston, MA
Jan. 7	Cherry Hill, NJ
Jan. 21	San Antonio, TX

Improving Food Production Methods

Nov. 18	Denver, CO
Jan. 14	Cincinnati, OH
Jan. 21	Chicago, IL

Practical Meat Workshop

Nov. 19	Williamsburg, VA
Dec. 2	Newark, NJ
Jan. 28	Boston, MA

Simplified Baking Workshop

Dec. 3	Newark, NJ

Soups & Sauces Workshop

Nov. 19	Houston, TX
Dec. 1	Irvine, CA

Super Salads

Nov. 12	Pittsburgh, PA
Jan. 26	San Francisco, CA
Jan. 28	Los Angeles, CA

Basic Supervision

Dec. 1	Williamsburg, VA
Jan. 5	Detroit, MI
Jan. 12	Seattle, WA

Dining Room Management

Nov. 17	Oklahoma City, OK
Nov. 19	Denver, CO
Jan. 5	Scottsdale, AZ
Jan. 7	San Diego, CA
Jan. 11	Honolulu, HI
Jan. 14	Los Angeles, CA
Jan. 18	Louisville, KY
Jan. 20	Chicago, IL

Hiring Hourly Employees

Jan. 11	Denver, CO
Jan. 26	Ann Arbor, MI

Performance Review

Jan. 12	Denver, CO
Jan. 27	Ann Arbor, MI

Kitchen Management

Jan. 7	Houston, TX

Train the Trainer

Dec. 1	Cambridge, MA
Jan. 26	Philadelphia, PA

Computers

Nov. 19	Portland, OR
Jan. 25	San Francisco, CA

Controlling Beverage Cost

Nov. 12	Indianapolis, IN
Dec. 2	San Francisco, CA
Jan. 11	Rochester, NY
Jan. 13	Pittsburgh, PA
Jan. 25	Portland, ME
Jan. 27	Newark, NJ

Controlling Food Cost

Nov. 16	Milwaukee, WI
Nov. 18	Minneapolis, MN
Jan. 5	Baltimore, MD
Jan. 7	Richmond, VA
Jan. 18	Atlanta, GA
Jan. 20	Jackson, MS

Controlling Labor Cost

Nov. 16	Cleveland, OH
Nov. 18	Baltimore, MD
Jan. 11	Reno, NV
Jan. 13	Seattle, WA

Food & Beverage Operations Auditing

Jan. 7	Ft. Lauderdale, FL

Practical Accounting for Foodservice Managers

Dec. 3	Scottsdale, AZ
Jan. 21	Kansas City, MO

How to Negotiate & Finance a New Operation

Jan. 5-6	Houston, TX

Marketing for Profit

Nov. 30-Dec. 1	Honolulu, HI

Off-premise Catering

Nov. 16-17	New Orleans, LA

Operational Analysis

Jan. 6-7	Detroit, MI

Restaurant Design & Facilities Planning

Nov. 30-Dec 1	Chicago, IL

Winning! Labor Law, Negotiations & Unions

Jan. 18-19	New York, NY

Special Conferences

☐ NRA/UNLV Educational Extravaganza, Las Vegas, Feb. 1-3, 1982

☐ Management Update 1982, Honolulu, Apr. 17-24, 1982

For more information contact:
Sharon Garner-Merrill
Registration Secretary
NRA Chicago office, (312) 787-2525

NRA Seminar

Improving Food Production Methods

Key techniques and information
to help you save money
and upgrade food quality.

For more information,
contact NRA's Chicago office
(312) 787-2525

Seminars are scheduled for
Jan. 14, Cincinnati, OH ☐ Jan. 21, Chicago, IL ☐ Feb. 4, Atlanta, GA ☐ Feb. 18, Williamsburg, VA
☐ March 9, Newport Beach, CA ☐ March 11, Phoenix, AZ

Is your address correct ?

Your mailing label serves as your official membership listing within all NRA departments. If your label is incorrect, please refer to your membership number, make the proper change and send corrections to Eloise Bailey, NRA Membership Dept., 311 First St., N.W., Washington, DC 20001.

WN 10/26 MEMBER#81J011WF
JEANNE LONG
CONGRESSIONAL INFORMATION
SERVICES INC
4520 EAST-WEST HWY
WASHINGTON DC 20253

NRA NEWS

National Restaurant Association

Vol. 1 No. 3 December 1981

A8200-1 A
12/23/81

NRA FORECAST '82

Foodservice sales to reach $136.7 billion

Fast food and transportation foodservice to post largest gains

A ray of sunshine in 1982

The economic news has been gloomy lately. Interest rates are still too high, unemployment is up and consumer purchases are down. The foodservice industry is affected directly by these economic conditions. When people have more discretionary funds at their disposal, they eat out more often and spend more on their meals. When money is tight, sales slow down.

But this month's *NRA News* contains a ray of sunshine. The annual industry forecast, printed here for the first time, is optimistic. NRA economists are predicting continued sales growth during 1982. Although business may be slow during the first half of the year, things should pick up after mid-year. By then, inflation will probably moderate and consumers will be feeling the effects of recently legislated tax cuts. With the clouds lifting, consumers are likely to celebrate in the traditional way — by having a good meal at their favorite dining place.

The annual forecast is only one service offered by NRA's research division. Other recent publications include annual operating ratio results, directions on how to do your own marketing research and demographic surveys, like the recent *Consumer Study on Meal Consumption Behavior*.

The research department also works closely with NRA educators to create the seminars, briefings and national conferences which keep you up-to-speed on the latest operational and technical ideas. NRA's educational program offers you everything from basic training to forums for the exchange of the most sophisticated ideas. The education department is now undergoing administrative changes which allow it to maintain and develop the existing program.

The National Restaurant Association is your research department, and it is your training and development division. We invite you to take advantage of its services.

Sincerely,

Harris "Bud" Rusitzky

Harris H. Rusitzky
Chairman
Education and Research Committee

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
President
Robert E. Bradford
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Director of Publications and Editor
Steven J. Dahllof
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Sections Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Joan E. Campbell
Gayle L. Christensen
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
Elaine A. Raffel
James T. Rogers
John R. Rolfs
Rachel A. Zachary

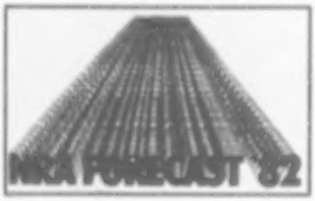
Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600, Chicago, IL 60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright © NRA 1981, all rights reserved. Postmaster, send address change to *NRA News*, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Special



9 — **NRA Forecasts '82** — The foodservice industry is headed for better times during the coming year, according to NRA economists. This special pull-out section will highlight predicted sales data for all segments of the foodservice industry, break down 1981 sales and forecast of '82 sales state by state as well as zero in on untapped consumer markets. **Foodservice Trends**

7 — **Trendsetters** — Breaking into the 80s. *NRA News* looks at some of the 1980-81 trends that are likely to take off during the decade.

Departments

Washington Report 3 — 1981 was a banner year for NRA's government relations department. NRA reviews 1981 legislation which affects the industry.

4 — NRA interviews Sen. David Durenberger on proposed commercial energy tax credit.

6 — NRA appoints new director of government relations.

The Board Room 36 — NRA board visits German food exposition.
— Conti speaks to international foodservice editors.
— Bradford meets with Oregon cattlemen on proposed changes to the beef grading standards.

The Law 37 — Industrial revenue bonds available to foodservice industry.
— 1981 tax bill allows for special depreciations.

State Department 38 — NRA works with Louisiana Restaurant Association to stop proposed restrictions on imported shrimp.

Showtime 39 — NRA-TV Today will cover events at '82 Show.

Education 40 — Industry food purchasers discuss food supply and trends in consumption.

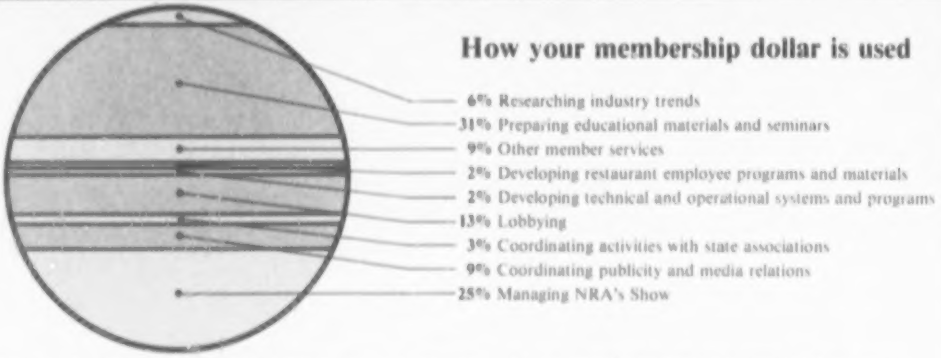
Sections

Short Orders 2 — 1982 NRA memberships available.

Bill of Fare 33 — American regional cuisine — tapping U.S. resources to come up with a truly American style of cooking.

Cover photo by Mark Borchelt

1982 NRA memberships now available


How your membership dollar is used

NRA's 1982 membership renewals have been sent to all members of the association. Michael Hurst, chairman of the NRA Membership Development Committee, in urging all members to keep their membership up to date, emphasized, "This year we are pushing for over an 85 percent renewal rate."

The National Restaurant Association is bigger than ever before and continuing to grow. In 1981, over 90 percent of NRA's 10,000 members were small businesses. According to NRA President Robert Bradford, "The owner/operators of one-to-five unit establishments are the backbone of the association. The continually expanding NRA services would not have been possible without the strong and continued financial support of this group of members. If the association is to continue the campaign to put freedom back into the free enterprise system, participation in NRA by these small operators is even more important in 1982."

Through significant legislative victories on Capitol Hill, the association more than reimbursed its members their 1981 dues. NRA's strong lobbying efforts in Washington saved most operators $170 a year per employee.

All members are reminded to send their dues with a copy of the NRA invoice to avoid any delay in processing. Any membership questions should be directed to the membership department in Washington, DC (800) 424-5156.

SHORT ORDERS

NRA decals sent to 1982 members

Over 24,000 NRA 1982 membership decals have been sent to member companies who have paid their dues for the upcoming year. Across the country, members proudly display the decals on front doors, windows and cash registers, increasing the visibility of the nation's largest foodservice association.

NRA President Robert Bradford explains that visibility of the association is vital to increasing our grassroots political effectiveness. Using NRA decals is an excellent way to increase recognition of NRA, Bradford said. Members are urged to order as many decals as they need.

NRA offers members complete industry library

With continuous growth and expansion of its collection and services, the NRA information resource center has adopted a new name which more accurately describes its capabilities — the NRA information service and library. The new name should serve as a constant reminder of the variety of materials and services available to NRA members.

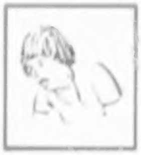
The library collection is comprised of nearly 4,000 volumes, 400 clipping files and over 90 regularly scanned national and regional trade/business journals. The staff will consult all NRA sources and, if necessary, outside references to answer questions to members' inquiries.

NRA members receive priority service. Usually, the information staff will research your question and call you back with the requested information on the same day. Frequently, follow-up articles are mailed out as well.

The information service and library is an invaluable membership benefit which is only a phone call, letter or visit away. For a brochure, contact the information service and library in Washington, DC.

Help a choking victim

As an aid to restaurant owners and operators, NRA has produced a first-aid chart that illustrates the methods involved in assisting a choking victim.


Universal Choking Sign

This chart explains techniques which are endorsed by the American Red Cross and the National Academy of Sciences — the Heimlich Maneuver and the sequence of obstructed airways maneuvers.

NRA recommends that all restaurateurs post these charts as a safety precaution for employees and patrons.

The charts can be ordered through NRA's educational materials department in Washington, DC. Discounts are available on orders of 100 or more.

WASHINGTON REPORT

1981 — Banner year for NRA lobbying efforts

1981 proved to be a banner year for the National Restaurant Association's government relations program. NRA set out to expand the industry's grassroots lobbying network and strengthen its presence on Capitol Hill.

NRA's 1981 legislative and regulatory victories will save the industry hundreds of millions of dollars.

Meat import restrictions removed...

A proposal was eliminated from the 1981 Farm Bill which would have cut off or seriously limited imported meat. "The elimination of this amendment from the Farm Bill is a significant victory for the restaurant industry and one in which NRA can take pride because dedicated action on the part of the NRA's government relations department paid off," stated NRA Chairman Walter Conti.

"Shortages resulting from the proposed restrictions on imported meat could have boosted beef prices by nine percent," stated Conti, explaining, "imported meat makes up seven percent of the total U.S. supply."

Action to eliminate the potentially expensive measure from the Farm Bill came during the joint House/Senate conference committee which convened in November to reconcile the differences between their two bills. Other measures in the Farm Bill of concern to the foodservice industry include dairy price supports and a proposed sugar loan program.

During a television interview which was broadcast in Montana and other western states, NRA President Robert E. Bradford explained that 75 percent of imported meat is lean beef — processed into sausages, hamburger and hot dogs. "Since the domestic supply of grass fed, lean beef is limited, elimination of the foreign source could raise hot dog and hamburger prices by 25 percent. That kind of price increase would have been disastrous for the cattle industry, grocers and restaurateurs," Bradford explained.

Salary test-increases postponed through NRA efforts...

Just before leaving office in January, former President Carter ordered a 45 percent increase in the minimum salary of supervisory employees exempt from federal overtime requirements. NRA and state restaurant associations were influential in persuading the Reagan administration to freeze the rule before it went into effect. The freeze, which was later extended indefinitely, saved the foodservice industry millions of dollars.

The Carter mandate would have affected over 150,000 supervisory employees, many of whom are employed in the foodservice industry.

Currently, employers must pay supervisory employees at least $155 per week if they are to be considered exempt from minimum wage overtime laws. On Feb. 13, this minimum would have been increased to $225 per week if the Carter administration's changes had gone into effect. The minimum salary for employees in the "upset salary" category would have been raised from $250 per week to $320 per week.

In comments submitted to the White House, NRA questioned the need for a salary test at all, pointing out that the minimum wage legislation passed by Congress does not stipulate that a salary test be used for supervisory employees.

Rowan decision saves industry $200 million...

In June, the Supreme Court, in *Rowan Companies, Inc. vs. U.S.*, upheld the NRA position that operators should not have to pay FICA and FUTA taxes on employee meals that are provided for the employee's convenience. NRA estimates that this decision will save operators $103 million a year in payroll taxes and employees another $93 million in taxes.

The Court's decision clarified a situation which the NRA worked hard to correct through meetings with the Internal Revenue Service (IRS), testimony before Congress and the introduction of legislation. Prior to the decision, U.S. Rep. Barber Conable (R-NY), a powerful member of the House Ways and Means Committee, introduced legislation to amend the Internal Revenue Code to reflect NRA's position. NRA also asked the Senate Committee on Small Business to take action to clarify the issue.

NRA works to lower food costs...

NRA has been very active this year in lobbying for lower farm price supports in the 1981 Farm Bill. The Farm Bill will determine the nation's agricultural policy for the next four years, and any increase in price supports could substantially affect food costs. NRA helped stop April dairy price increases by pushing to eliminate the April support increases. During debate this fall on the price support structure, NRA supported language in the Farm Bill that would bring down the level of price supports for dairy products. Efforts by NRA, if adopted by Congress, could save the industry from $400 to $500 million in increases through 1985.

NRA leads fight to preserve targeted jobs tax credit...

This summer Congress approved, as part of the Economic Recovery Tax

Continued on page 6

Tax & Energy

House and Senate bills give commercial industries incentive to conserve...

Sen. David Durenberger (R-MN) was instrumental in getting an NRA-backed energy bill introduced in the Senate this year. In May, Sen. Durenberger introduced the Commercial Business Energy Tax Credit Act of 1981 (S. 1288), which now has eight cosponsors in the Senate. In early November, an identical bill (H.R. 4932) was introduced in the House by Rep. Wyche Fowler (D-GA).

The bill would provide a 20 percent tax credit to businesses that invest in energy-efficient equipment.

In the following interview with NRA News, *Durenberger describes the bill and its effect on the restaurant industry. he also talks about some other important issues affecting foodservice operators.*

Durenberger came to Washington in 1978, occupying the seat once held by the late Hubert Humphrey. He serves on the Finance and Governmental Affairs Committees, as well as on the Select Committee on Intelligence and the Special Committee on the Aging.

NRA: How will your commercial energy tax credit bill benefit the restaurant industry?

Durenberger: Let me first say that one of your members — Fred Krautkramer, who owns a restaurant in Mequon, Wisconsin — did a terrific job in testifying in favor of the bill at our hearing in October. (See November issue of *NRA News.*) I'd love to have him testify on every bill. He certainly represented your industry well.

Turning to the bill itself, I believe the most important thing it does is take advantage of the willingness of restaurant operators to help ensure the energy self-sufficiency of this country in a way that makes economic sense for them. Earlier energy tax credit bills we designed did great things for homeowners and large industries, but they really didn't do anything for commercial business owners for whom energy is either the primary or secondary cost after labor.

This bill says that if operators invest in equipment that either uses an alternative energy source or conserves energy, they ought to qualify for a tax credit. If a restaurateur were to replace an energy-inefficient dishwasher with a new dishwasher that is very energy-efficient, he should get a tax credit. The bill gives the operator an incentive to replace inefficient equipment with energy-efficient equipment, and this, in turn, is a benefit to the country.

Q: Does the Reagan administration endorse this approach to energy conservation?

A: We have two problems with the administration: one is the President's energy policy itself, and the other is the question of tax revenue. The administration does not believe government should play a direct role in conservation and alternative energy sources. We are trying to overcome that with the Senate resolution that Sens. John Chaffee (R-RI) and Spark Matsunaga (D-HI) introduced. It now has 64 cosponsors. Our resolution says that only by retaining the concept of an energy tax credit will we be able to have energy independence in this country.

The second problem we have with the administration concerns the revenue loss which a tax credit implies. Legislation that takes money away from the Treasury is never popular, especially now that we've been told that there won't be a balanced budget in 1984. But I really don't think that the administration can make the usual objections about our bill that can be made about most tax credit bills. I think we've drafted it carefully so there clearly has to be a bona fide energy savings before you can get a credit.

We have to bring the administration around to thinking the way Mr. Krautkramer does. We have to make the White House see the needs of small business persons.

The other point that has to be made, I think, in connection with the use of credits, is that in effect those credits are recycling the money that your association members are already paying. When Congress looked into decontrolling the price of oil, it decided that the difference — the amount between what oil companies were getting versus what they would get when controls were lifted — represented more than just a fair return on an investment. There was a huge chunk of unjust enrichment there, and so a part of that was to go back to the American people who are now paying for that difference in oil costs.

One way of returning that money to them is in the form tax credits. But the administration is using those windfall credits to balance the budget rather than giving part of it back. Your members, like Krautkramer, aren't asking that it all come back to them — they're just asking for a little piece of it to buy energy-efficient equipment. That's what we do now with insulation tax credits for homeowners, and that's what we do with alternative fuel projects. We take a little piece of that extra money we're making and give it back in energy independence.

Q: Let's turn to another bill you sponsored, the recently enacted National Tourism Policy Act. Do you think this legislation goes far enough in establishing a federal voice for tourism?

A: The bill creates the voice, but now it depends on whether the Secretary of Commerce and the President will use that voice. It depends on what kind of person they put in there. It's important that the act gives some stature within Commerce to what is really the most important industry in America today. We are losing an awful lot of business in the world tourism market, and we need to raise the level of public awareness of the importance of the industry.

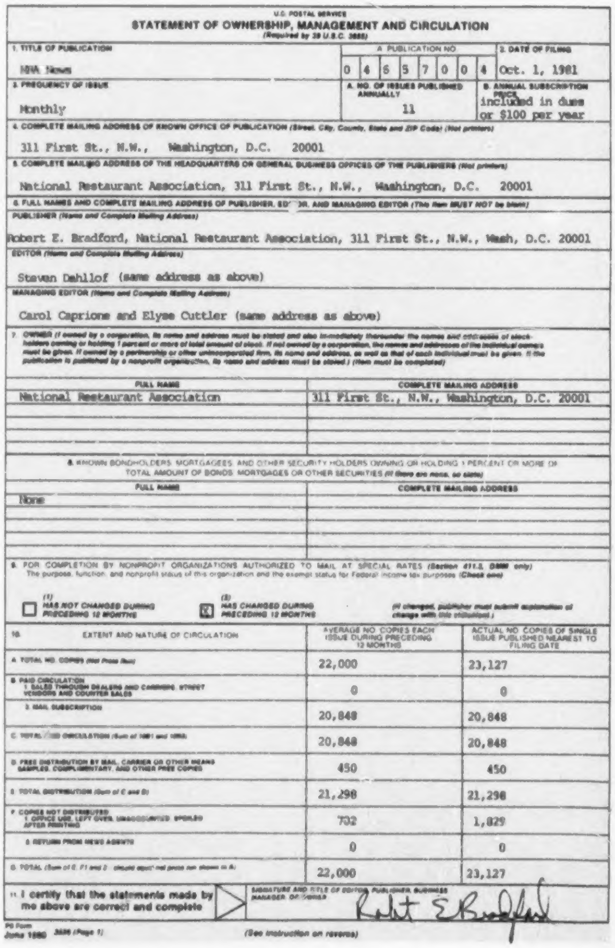
When you see a restaurant, for instance, you just don't think about it in terms of tourism. It's a building and an economic enterprise, but you don't think about it in terms of money flowing in and out of the community. Any time you can focus on that at the local, state and federal government level, it's a smart thing to do. But I don't think we can assume we've made it over the top of the mountain because we've created a small agency in one department of the federal government.

Your association still does more good by its involvement here on the Hill and back in the states than this agency may ever do. Unless you had a separate department of tourism, which doesn't seem likely in the immediate future, it really isn't something I would rely on.

Q: With unemployment apparently getting worse, what's your position on job creation programs like the Targeted Jobs Tax Credit, a program used extensively by the foodservice industry?

A: I voted for the extension of the Targeted Jobs Tax Credit when it came up this summer as part of the tax bill. I supported it because I think it is a lot better than publicly funded, salary-subsidized approaches to employment. I know that a lot of people in the restaurant and hotel business are using the tax credit — some who might be hiring the handicapped, for instance, even if the credit didn't exist. Your industry has a tremendous record of hiring handicapped and mentally disabled persons. And many of your people were doing that before they even found out about the tax credit. But what the tax credit says to them is, you know how to do some social good in your community better than the government does, and this is a way for us to encourage you and others to do the same thing.

I see the tax credit as a kind of a pat on the back, if you will. It doesn't cost the taxpayer that much money to give employers an incentive to perform a valuable service.



U.S. POSTAL SERVICE

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

(Required by 39 U.S.C. 3685)

1. TITLE OF PUBLICATION NRA News	A. PUBLICATION NO. 0 4 6 5 7 0 0 4	2. DATE OF FILING Oct. 1, 1981
3. FREQUENCY OF ISSUE Monthly	A. NO. OF ISSUES PUBLISHED ANNUALLY 11	B. ANNUAL SUBSCRIPTION PRICE included in dues or $100 per year

4. COMPLETE MAILING ADDRESS OF KNOWN OFFICE OF PUBLICATION (Street, City, County, State and ZIP Code) (Not printers)
311 First St., N.W., Washington, D.C. 20001

5. COMPLETE MAILING ADDRESS OF THE HEADQUARTERS OR GENERAL BUSINESS OFFICES OF THE PUBLISHERS (Not printers)
National Restaurant Association, 311 First St., N.W., Washington, D.C. 20001

6. FULL NAMES AND COMPLETE MAILING ADDRESS OF PUBLISHER, EDITOR, AND MANAGING EDITOR (This item MUST NOT be blank)

PUBLISHER (Name and Complete Mailing Address)
Robert E. Bradford, National Restaurant Association, 311 First St., N.W., Wash, D.C. 20001

EDITOR (Name and Complete Mailing Address)
Steven Dahllof (same address as above)

MANAGING EDITOR (Name and Complete Mailing Address)
Carol Caprione and Elyse Cuttler (same address as above)

7. OWNER (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding 1 percent or more of total amount of stock. If not owned by a corporation, the names and addresses of the individual owners must be given. If owned by a partnership or other unincorporated firm, its name and address, as well as that of each individual must be given. If the publication is published by a nonprofit organization, its name and address must be stated.) (Item must be completed)

FULL NAME	COMPLETE MAILING ADDRESS
National Restaurant Association	311 First St., N.W., Washington, D.C. 20001

8. KNOWN BONDHOLDERS, MORTGAGEES, AND OTHER SECURITY HOLDERS OWNING OR HOLDING 1 PERCENT OR MORE OF TOTAL AMOUNT OF BONDS, MORTGAGES OR OTHER SECURITIES (If there are none, so state)

FULL NAME	COMPLETE MAILING ADDRESS
None	

9. FOR COMPLETION BY NONPROFIT ORGANIZATIONS AUTHORIZED TO MAIL AT SPECIAL RATES (Section 411.3, DMM only)
The purpose, function, and nonprofit status of this organization and the exempt status for Federal income tax purposes (Check one)

☐ (1) HAS NOT CHANGED DURING PRECEDING 12 MONTHS
☒ (2) HAS CHANGED DURING PRECEDING 12 MONTHS
(If changed, publisher must submit explanation of change with this statement.)

10. EXTENT AND NATURE OF CIRCULATION	AVERAGE NO. COPIES EACH ISSUE DURING PRECEDING 12 MONTHS	ACTUAL NO. COPIES OF SINGLE ISSUE PUBLISHED NEAREST TO FILING DATE
A. TOTAL NO. COPIES (Net Press Run)	22,000	23,127
B. PAID CIRCULATION 1. SALES THROUGH DEALERS AND CARRIERS, STREET VENDORS AND COUNTER SALES	0	0
2. MAIL SUBSCRIPTION	20,848	20,848
C. TOTAL PAID CIRCULATION (Sum of 10B1 and 10B2)	20,848	20,848
D. FREE DISTRIBUTION BY MAIL, CARRIER OR OTHER MEANS SAMPLES, COMPLIMENTARY, AND OTHER FREE COPIES	450	450
E. TOTAL DISTRIBUTION (Sum of C and D)	21,298	21,298
F. COPIES NOT DISTRIBUTED 1. OFFICE USE, LEFT OVER, UNACCOUNTED, SPOILED AFTER PRINTING	702	1,829
2. RETURN FROM NEWS AGENTS	0	0
G. TOTAL (Sum of E, F1 and 2 - should equal net press run shown in A)	22,000	23,127

11. I certify that the statements made by me above are correct and complete

SIGNATURE AND TITLE OF EDITOR, PUBLISHER, BUSINESS MANAGER, OR OWNER
Robt E Bradford

PS Form June 1980 3526 (Page 1)

(See instruction on reverse)

Continued from page 3

Act of 1981, a one-year extension of the Targeted Jobs Tax Credit (TJTC). The targeted jobs program provides tax incentives to employers who hire people in various targeted groups. The program would have expired at the end of 1981 without congressional action.

NRA and foodservice employers led the fight to preserve the credit against heavy opposition in both houses and even from the budget-cutting Reagan administration.

NRA argued that many new jobs were created because of the credit, that the level of employer participation has continued to climb steadily and that small operations are now beginning to utilize the credit and should be allowed to continue to expand employment. The NRA position drew support from many members of Congress. Ultimately, the administration reversed its opposition. Both the House and Senate included a TJTC extension in their respective tax-cut bills.

Energy tax credit bill introduced in Senate and House...

The commercial energy tax credit legislation is still progressing on Capitol Hill. Sen. David Durenberger (R-MN) introduced the Commercial Business Energy Tax Credit Act of 1981 (S. 1288) in the Senate and, just recently, Rep. Wyche Fowler (D-GA) introduced the same bill in the House (H.R. 4912). These NRA-backed bills would give the commercial business sector a 20 percent tax credit for investing in energy-efficient equipment for their operations. (See *NRA News* interview this month.)

NRA-backed tourism policy act signed into law...

Hard work by NRA and other tourism industry groups paid off this year when Congress passed the National Tourism Policy Act, and President Reagan signed the act into law on Oct. 16. The act provides for the nation's first tourism policy and establishes a new U.S. Travel and Tourism Administration to promote the U.S. as a tourist center. NRA considered its passage a vital first step toward ensuring a coordinated federal presence in tourism.

Tourism and travel are an important component of foodservice sales, amounting to approximately one-third of total 1980 foodservice sales of $114 billion. In fact, the biggest single item in the travel budget of overseas visitors to America in 1980 was the purchase of food in restaurants and other foodservice operations. Of the $10 billion spent by foreign visitors last year, $2.4 billion was spent in eating establishments.

Travel and tourism dollars also generate a significant number of jobs. NRA estimates that 122,600 foodservice jobs are dependent on travel and tourism sales. About four out of every 10 foreign tourist-related jobs are in foodservice.

President's tax cut bill helps restaurant industry...

The NRA board of directors vigorously supported the President's economic recovery plan. Passed in early August, the tax act will cut hundreds of billions of dollars in taxes in the coming years. Faster depreciation, reduced personal and corporate taxes, increased accumulated earnings credit, reduced capital gains taxes and expanded individual retirement accounts will aid recovery of the recession-threatened business community. (See October *NRA News* for full explanation.)

Steve Finn appointed director of NRA government relations

NRA President Robert E. Bradford appointed Stephen A. Finn director of government relations for the National Restaurant Association. Finn will coordinate NRA's lobbying and government relations activities in Washington as well as the grassroots political involvement of NRA members.

Finn comes to NRA directly from U.S. Rep. William Boner's (D-TN) office where he was administrative assistant and press secretary.

"The foodservice industry has the potential for being one of the most powerful lobbying forces on Capitol Hill," Finn stated. "The large number of people in the industry and their dedication to hard work and success lead me to believe that once motivated, this industry can accomplish great things.

"I am looking forward to working closely with NRA Chairman Walter Conti, Bob Bradford and with the entire NRA board and staff," Finn said.

Foodservice industry's message must get to the Hill...

Finn said his primary objective will be to "carry the foodservice industry's message to Capitol Hill and get our people actively involved in government.

"Our members can't afford to passively sit at the receiving end of the governmental process. Our work in Congress can be much more effective when our members get involved rather than relying solely on hired hands in Washington. All it takes to make politics a dirty word is for the good people not to get involved," he explained.

Prior to his position with Rep. Boner, Finn was administrative assistant to Rep. Andy Ireland (D-FL) for four years. Finn also acted as director of legislative and public affairs to the Office of Children, Commonwealth of Massachusetts, and was a teaching fellow at the University of Virginia, Charlottesville. He earned degrees from American International College, Springfield, MA, and the University of Virginia and is currently a Ph.D. candidate in government.

"Steve Finn brings to us an impressive background in congressional relations, public affairs and management," Bradford said. "I am confident Steve will be a great asset to our association and the industry."

TRENDSETTERS

80s Breaking into the future

Although changing consumer tastes make the restaurant business interesting and exciting, they're also the reason this industry is so demanding, puzzling and challenging.

Even in today's tough economic environment there are — and will continue to be — plenty of opportunities for smart entrepreneurs to feed a public that's hungry for quality, variety and service. As Americans tightened their financial belts one more notch in 1981, successful restaurateurs responded with imaginative foods, atmosphere and entertainment at reasonable prices.

Knowing what to serve has always required some knowledge of who is eating out. Studies show that the most likely restaurant-goers are 22 to 40 years old with middle to upper incomes. But that's only part of the current dining-out story. For the average person — who now eats out three to four times a week — meals away from home are part of everyday life.

And, oh, what a life! People are busier and more active than ever before. Over half of all women are working, and households are smaller and more affluent. Just about everyone is price and value conscious. They're more selective, demanding, sophisticated and adventurous.

With 1982 just a few weeks away, it's a good time for operators to plan those all-important New Year's resolutions that will keep sales, profits and customer counts on the rise. The best way to begin is to reflect on some of the 1981 trends.

Breakfast traffic increases...

The rise — and shine — of breakfast traffic over the past year was bright news for industry members. Of all meal occasions, breakfast showed the most startling growth, increasing 11.7 percent during the summer quarter and 9.7 percent during the spring.

Why the upswing? Restaurant-goers consider the morning meal a good value because of the relatively lower cost for breakfast items. Other factors include the growing number of working women and a growing concern for nutrition.

Promotional campaigns used to attract and then accommodate morning patrons include special pricing, free coffee and complimentary newspapers. Freshly squeezed juices, seasonal fresh fruits, home-baked breads and pastries, sausage and biscuits, egg-muffin sandwiches, specialty egg dishes and breakfast buffets all lured customers away from their kitchen.

Yet perhaps the most significant morning trend was reported in an August *Wall Street Journal* article — received by the business community — that breakfast offers a flexible, less expensive and less time-consuming alternative to luncheon meetings.

One of Europe's best-loved eye-openers, the French croissant, "table-hopped the Atlantic and isn't just for breakfast anymore," according to a May issue of *Newsweek* magazine. With the croissant came the image of French sophistication. This new style opened up a vast array of opportunities for the clever chef. On this side of the ocean, ham, cheese, pate and smoked turkey were among the fillings and flavors to join such regulars as almond, chocolate and fruit croissants.

Many other foreign imports also added excitement and variety to the restaurant menu. New cuisines which attracted loyal followings include Vietnamese, Indian, Afghan, Thai, North African, Ethiopian and Korean. Interesting variations of standard Oriental, Italian, French, Mexican and Japanese dishes found their way onto menus in many restaurants.

At a meeting of the nation's food editors last October, NRA Chairman Walter Conti pointed out the increasing importance of yet another new cuisine — American Regional. (See Bill of Fare this month.) Headlining American menus are Rock Cornish game hen, stuffed pork chops, pot roast and beef stew. In addition, the traditional pot pie got a new look and taste with crispier vegetables, thinner sauces and more buttery puff pastry.

The Idaho baked potato received a face lift in an "a-peeling" new way: as a main course, stuffed with a meat or seafood filling, as a side dish, fried with the skins, and as an appetizer, topped with melted cheese, sour cream or guacamole. And restaurateurs took advantage of the economical, versatile chicken, serving it roasted, baked, breaded, stir-fried, as a sandwich and in salads and casseroles. Chicken salad got a new taste with the addition of fruits, nuts and herbs.

For the ever-increasing number of nutrition-conscious customers, poultry was particularly tempting. What these diners wanted were healthy foods cooked simply and naturally, plus freshness, variety and a choice in portion size. (See the October *NRA News* Trendsetter section.)

Of the light, trendy foods popular in the 80s, grilled seafood was one that became a firmly established favorite in 1981. Growing interest in this new cooking method was evidenced at last year's NRA Show, where mesquite and charcoal grills were in high demand.

Also featured at the 1981 convention, which is considered a showcase of the very latest industry offerings, were energy-efficient appliances, computerized registers, labor-saving equipment and a vast assortment of foods. Exhibiting companies introduced show-goers to an array of new treats, including turkey cold cuts, bluefish pâté, a grow-your-own-herb salad bar, deep-fried frog, aerosol sour cream, peanut butter ice cream and even smoked rattlesnake.

But even if frog and rattlesnake didn't turn up on many menus, chefs throughout the country were willing to experiment with new dishes and dynamic combinations. Among the entrees they served to a more sophisticated clientele were red snapper in cream, champagne and chive sauce, duck breast with julienne of pears, peaches and turnips and calves' liver with cracked mustard seeds.

Menus by freshness...

At the same time, a number of independent operators began changing their menus on a daily, weekly or seasonal basis in order to provide the very best fresh food available. This *du marché* — or fresh from the marketplace — style of cooking paved the way for more inventive selections and added a new dimension to the dining experience.

Diners found these imaginative dishes in a new kind of operation — the small, chic and intimate restaurant. The format of these restaurants is elegant and personal; the price, expensive. Operators found that if they offered outstanding food, service and ambience, the 1981 customer was willing to pay for it.

Other restaurateurs found entertainment could make a meal an "experience." Along with the standard varieties — vocalists, pianists and recorded music — some spots featured the talents of their staff and local clientele. And then there was the industrywide surge in electronics. Guests fed quarter after quarter into video games and watched oversized televisions tuned in to everything from sporting events to soap operas.

Overall, the most successful establishments in 1981 turned out to be those restaurants which were in some way unique. The trend was to differentiate, to find some way to make your operation stand out from all the rest. For fast food, being different meant serving whole wheat buns, ranch-cut fries or unusual specialty sandwiches. The possibilities were even more extensive at tableservice restaurants, ranging from freshly baked breads to elaborate hors d'oeuvre, salad or dessert bars.

Promotions also proved to be a profitable merchandising tool in the 80s. Among the biggest promoters were the chain restaurants, which used coupons, sweepstakes, discounts, premiums and the newest favorite, games, to boost value perception. Shortly after, dinner houses hopped on the promotion bandwagon with special menus, holiday celebrations, happy hours, retailing corners and fixed-price meals.

In 1981, restaurateurs started turning to the growing number of architects and decorators who actually specialize in restaurant design. What these professionals came up with was a variety of styles, from high-tech to art deco. Brass, potted plants, exhibition kitchens and multileveled interiors were a few of the most popular features; trendy colors included pink, mauve, peach, apricot, gray and beige.

The inner city is in...

Operators are looking more and more frequently at old buildings, often in faded neighborhoods, to renovate for future restaurant sites. They are moving back into town with the younger affluent professionals. With soaring real estate prices expected to continue, this innovative, cost-effective practice should be increasingly important in the years ahead.

And in the ongoing battle against inflation, restaurateurs carried on their efforts to cut costs and broaden existing customer bases. Among the most widely used methods were creative scheduling, more self-service, take-out facilities, late-night hours and selective menus.

Yet despite tough times, the foodservice industry did find an inexpensive way for the dining-out public to satisfy its yearning for luxury. Premium ice cream, according to an August *Time* magazine article, is today's "drug of choice." Flavors like chocolate cinnamon, banana coffee and cappucino were among a long list of favorites available in both specialty shops and fine dining operations.

There was also something new for ice cream lovers — the introduction of "mix-ins." From a list which includes such goodies as M&M's, crushed Heath bars, banana chips, granola, sunflower seeds and Oreo cookie crumbs, customers select the ones they want kneaded into an extra large scoop.

Then there were others who preferred to drink their "luxury." For this group, imported beer was a wonderful, low-cost indulgence. Many operations stock 50 or more brands and award prizes to guests who sampled them all.

On the grapevine, the wine bar concept was refined in 1981, appealing to both seasoned and novice wine drinkers. Also, white wines continued to outdistance reds and roses, and California varieties remained a favorite for taste and budgetary reasons.

What can operators expect after they toast the new year? One of the ways to predict future trends is to study the newest, most talked-about restaurants of 1981. In its August cover story, *Esquire* magazine reported that one of the hottest spots in Los Angeles was a glittery "see-and-be-seen" place offering spicy chopped beef in lettuce leaves and Indonesian-style cold chicken in peanut butter sauce. In Chicago, the newest seafood restaurant was flying in fish from France, while New Yorkers were combining lower-Manhatten chic with *nouvelle cuisine*.

But the soundest advice for the 80s is for operators to know the marketplace: the who, what, when, where and why of today's restaurant-goers. (See this month's Foodservice Trends for "Forecast 82.") Because once a restaurateur is able to meet the needs of the dining out public, he can bet his pink peppercorns that his place will be a success.

FOODSERVICE TRENDS

NRA FORECAST '82

Foodservice industry sales projected $136.7 billion in 1982

- Eating place sales forecast for 1982 — state-by-state data
- Industry sales reach $124.7 billion in 1981
- Consumers' appetite for restaurant meals far from satisfied

HIGHLIGHTS

NRA's 1982 industry forecast projects improved real growth and moderating menu prices.

- Foodservice industry sales are projected to reach $136.7 billion in 1982 — a 9.7 percent increase over 1981.
- Real sales, adjusted for inflation, will advance 1.3 percent — well above 1981 more modest increase of 0.4 percent.
- Performance by different sectors of the foodservice industry will be mixed. Real sales in the Commercial Group are forecast to rise 1.7 percent while Institutional Group real sales decline 0.7 percent.
- Transportation foodservice and fast food restaurants will post the largest real sales gains in the industry.
- Eating places, which account for about 60 percent of sales, are projected to record a sales increase of 10.4 percent in 1982.
- Menu prices will continue to moderate, rising 8.4 percent in 1982 — almost a full percentage point below the 9.3 percent increase during 1981.
- As inflation slows and the consumer's economic situation improves, real eating place sales are projected to register a 2.0 percent gain in 1982.

The information contained in this report was prepared in consultation with the research firm Malcolm M. Knapp, Inc.

"NRA projects that foodservice industry sales will reach nearly $137 billion next year — an increase of 9.7 percent over 1981's total of $124.7 billion," announced NRA Chairman Walter Conti. Sales, unadjusted for inflation, will be up $12 billion in 1982 compared to a similar jump of nearly $11.6 billion in 1981.

Growth in real sales, adjusted for inflation, will improve substantially, Conti continued. Showing their second consecutive gain, real sales are projected to rise 1.3 percent in 1982, following a 0.4 percent increase in 1981. Real sales, in actual dollars, will jump $1.6 billion in 1982 — more than double the $0.7 billion estimated in 1981.

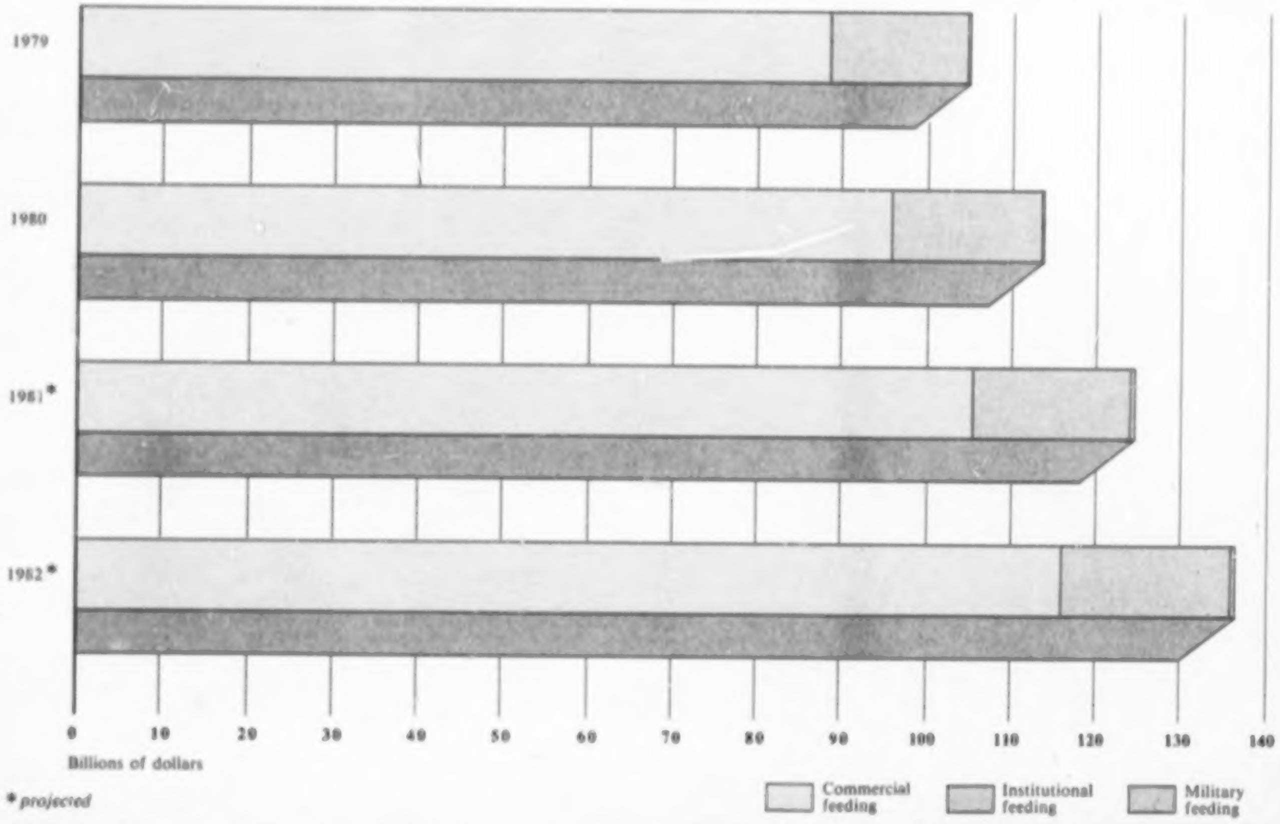
Although menu price increases have abated from an 11.2 percent rise in 1978 to a projected 8.4 percent gain in 1982, inflation continues to account for well over four-fifths of the annual jump in foodservice sales. Of the $12 billion sales increase forecast for 1982, just $1.6 billion will represent real growth.

NRA Chairman Walter Conti

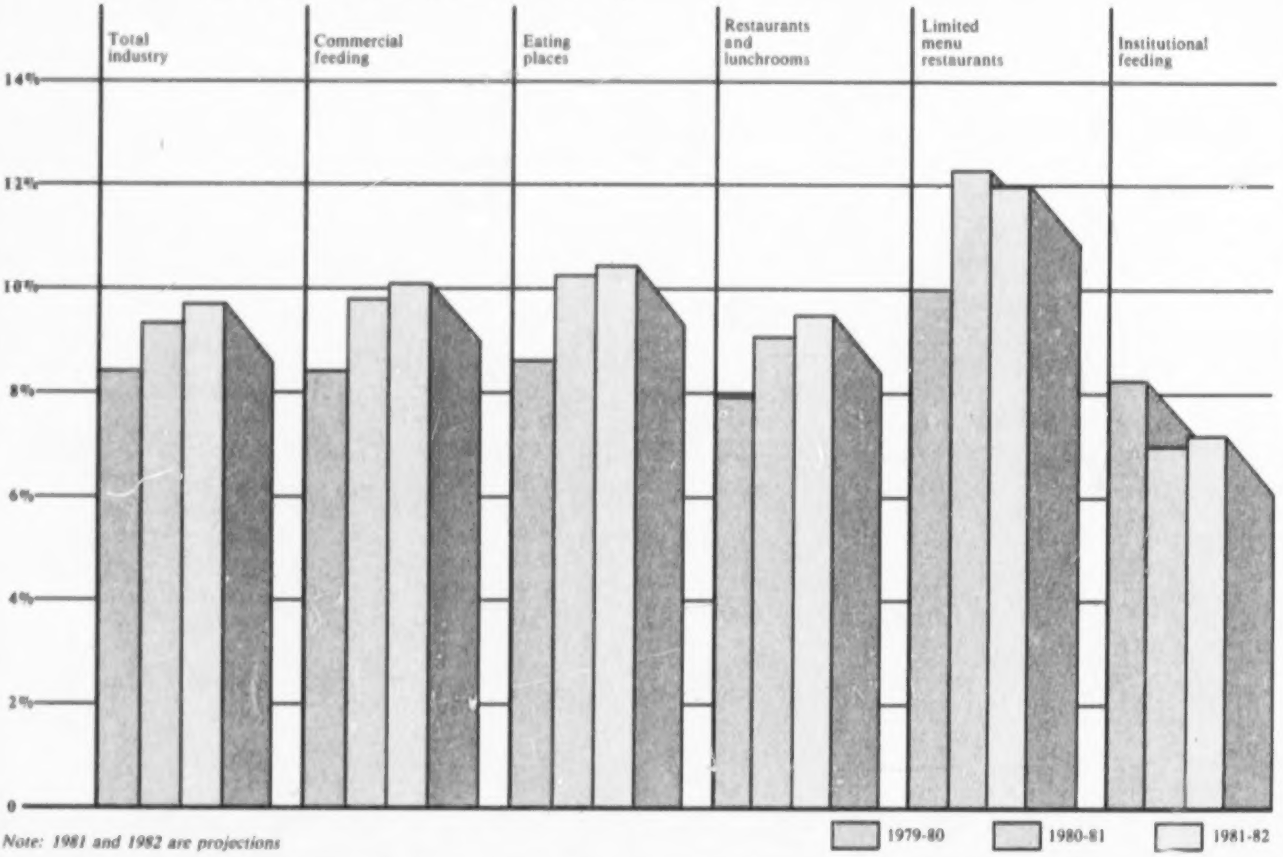
NRA's forecast for improved real sales growth is based on a modest recovery in the economy, particularly during the second half of 1982. The overall rate of inflation is expected to slow down. In addition, consumers will receive further tax cuts in mid-1982, which will increase their disposable income.

Food and drink sales for the Commercial Group will top $116 billion next year — up 10.1 percent following an increase of 9.8 percent in 1981. Real sales in the Commercial sector are expected to rise 1.7 percent in 1982, a substantial improvement over the 0.5 percent increase in 1981.

Foodservice industry sales projections 1979-1982



Percent change in sales (current dollars)



Note: 1981 and 1982 are projections

Sales for the Institutional Group are projected to reach nearly $20 billion in 1982, up 7.2 percent compared to a 7.0 percent gain in 1981. Due primarily to sharp declines in real sales at schools and community centers, however, real sales for the Institutional Group are expected to be off 0.7 percent in 1982. In 1981, real sales were down only 0.2 percent for the Institutional Group.

Demographics favor foodservice . . .

Long-term demographic and social trends continue to favor foodservice. Currently the industry captures approximately 37 percent of the total food dollar — up from 33 percent in 1970.

Demographic trends that are most beneficial for the foodservice industry include

- increasing numbers of working wives
- more affluent two-income households
- smaller families and more single-person households and
- growth in the population age 25–44.

Census projections indicate that these groups, which tend to spend more for eating away from home, will continue to enlarge during the 80s.

In addition, a new NRA consumer survey reveals that the public's appetite for meals away from home is far from satiated. In fact, if all consumers were able to eat out as often as they would like, customer traffic at our nation's restaurants would jump by one-third. (See the accompanying article in Foodservice Trends.)

In the following sections of this report, we will examine in some detail

- the economic and consumer climate for foodservice in 1981–82

- the outlook for eating place sales, menu prices and real growth
- how restaurants are responding to the challenges of 1981–82 and
- the outlook for the commercial and institutional sectors of the industry.

The "background" section at the end of this report contains technical details which may interest some readers. It should be noted here, however, that our forecast does not pretend to the decimal point accuracy shown. These precise figures, rather than ranges, are given for the sake of convenience.

Economic and consumer climate improves in 1981 . . .

A moderation of inflationary pressure, along with growth in consumer incomes and improved consumer confidence, exerted a positive impact on foodservice industry sales in 1981.

The industry was favored with rising customer counts throughout much of 1981. Following a decline during the winter months, customer traffic increased dramatically in the spring and summer, rising more than five percent from a year ago. Apparently consumers responded to improving economic conditions and a lessening of the inflationary burden by eating out more frequently.

Customer traffic was up for all meal occasions with particularly strong growth for breakfast. The increase in traffic during much of 1981 was based on a combination of factors.

First, the proportion of families eating away from home increased as many of those who left the market entirely in 1979 and 1980 began to return to restaurants. In addition, those who had never left the market ate out more frequently. Fast food and family restaurants were the prime beneficiaries. Both restaurant categories experienced strong growth in visit frequency and market penetration. These lower-priced restaurants attracted more customers, as families who are still very much aware of the price/value relationship traded down.

The long awaited weakening in the economy is now under way. With continued high interest rates and rising unemployment, consumers have again reduced their eating out activity. Prospects for November and December 1981, however, are relatively good. Eating place sales are projected to gain 11 percent in the fourth quarter.

Demand for meals to increase in 1982 . . .

During 1982, a consensus forecast calls for a modest growth in the real gross national product (GNP). Most of this increase will occur in the second half of the year.

Inflation, as measured by the Consumer Price Index (CPI), is expected to slow significantly in 1982 — to eight percent. After jumps of more than 10 percent in 1981, 13.5 percent in 1980 and 11.3 percent in 1979, next year's moderate increase will be a substantial improvement.

Interest rates do represent something of a question mark in the economic outlook for next year. Although interest rates could remain relatively high, they are not expected to rise as rapidly as they did in 1981. If rates remain at extremely high levels, continued economic recovery could be delayed.

For the first time in several years, the outlook for energy prices is relatively bright. Data Resources, Inc. estimates that energy expenditures per household will rise only 3.5 percent in 1982 after jumping more than 20 percent per year in 1979 and 1980.

NRA's favorable 1982 forecast for industry growth is based on increased demand for meals away from home, especially during the second half of next year. Important contributing factors include

- moderating inflation
- the tax cut which will put dollars into the consumers' pockets and
- improved consumer sentiment.

In 1982, disposable income is expected to increase 11.2 percent as federal tax rates are reduced. Individual tax rates were cut five percent on Oct. 1, 1981, with an additional 10 percent cut mandated for next July. It is estimated that the October 1981 and July 1982 tax cuts will put more than $35 billion back into consumers' pockets even after subtracting tax bracket creep due to inflation and the increase in Social Security taxes that will go into effect on Jan. 1, 1982.

The extent to which consumers will spend or save the increased disposable income from these tax cuts is unknown. Currently, savings rates are relatively low. However, several new tax laws reward savings. Both all-savers' certificates and the availability of IRAs to employees of firms with pension plans will significantly stimulate savings. Thus, it is likely that much of the windfall consumers receive will be invested in savings of one kind or another. Personal tax relief for working couples should help the foodservice industry, however, since these couples depend heavily on the convenience factor associated with eating out.

In short, the reduction in tax rates will boost disposable income, but consumers are likely to direct a relatively large proportion of these dollars to savings.

The foodservice industry — food and drink sales projected to 1982

	1979 estimated F&D sales* (000)	1981 projected F&D sales* (000)	1982 projected F&D sales* (000)	1981-1982 percent change	1981-1982 percent real growth change	1979-1982 compound annual growth rate
Group I — Commercial feeding[1]						
Eating places						
Restaurants, lunchrooms	$ 33,398,455	$ 39,324,429	$ 43,060,250	9.5%	1.1%	8.8%
Limited menu restaurants (refreshment places)	24,936,227	30,809,321	34,511,268	12.0	3.6	11.4
Commercial cafeterias	2,045,336	2,315,442	2,472,892	6.8	-1.6	6.5
Social caterers	748,981	806,206	835,229	3.6	-4.8	3.7
Ice cream, frozen custard stands	1,189,556	1,419,716	1,561,687	10.0	1.6	9.5
Total eating places	$ 62,318,555	$ 74,675,114	$ 82,441,326	10.4	2.0	9.8
Bars and taverns	7,178,715	8,321,422	8,953,850	7.6	-0.8	7.6
Total eating & drinking places	$ 69,497,270[2]	$ 82,996,536	$ 91,395,176	10.1	1.7	9.6
Food contractors						
Manufacturing & industrial plants	2,016,519	2,300,039	2,518,543	9.5	1.1	7.7
Commercial & office buildings	541,134	656,510	726,757	10.7	2.3	10.3
Hospitals & nursing homes	751,334	879,433	948,908	7.9	0.9	8.1
Colleges & universities	1,004,381	1,218,617	1,307,576	7.3	2.3	9.2
Primary & secondary schools	576,790	670,897	741,341	10.5	-3.5	8.7
In-transit feeding (airlines)	476,067	532,367	587,733	10.4	4.3	7.3
Recreation & sports centers	875,370	1,060,231	1,182,157	11.5	3.1	10.5
Total food contractors	$ 6,241,695	$ 7,318,094	$ 8,013,015	9.5	1.2	8.7
Hotel restaurants	$ 3,285,061	$ 3,838,741	$ 4,243,837	10.6	2.2	8.9
Motor hotel restaurants	808,470	946,491	1,042,086	10.1	1.7	8.8
Motel restaurants	1,798,529	2,099,609	2,301,171	9.6	1.2	8.6
Total lodging places	$ 5,892,060	$ 6,884,841	$ 7,587,094	10.2	1.8	8.8
Retail host restaurants[3]	3,075,455	3,651,428	4,016,570	10.0	1.6	9.3
Recreation & sports[4]	1,252,230	1,544,237	1,717,191	11.2	2.8	11.1
Mobile caterers	434,360	506,539	557,193	10.0	0.7	8.7
Vending & non-store retailers[5]	2,347,474	2,701,248	2,979,476	10.3	1.0	8.3
Total group I	**$ 88,740,544**	**$105,602,923**	**$116,265,715**	**10.1%**	**1.7%**	**9.4%**
Group II — Institutional feeding-business, educational, government, or institutional organizations which operate their own foodservice						
Employee feeding[6]	$ 1,535,294	$ 1,738,876	$ 1,874,508	7.8%	0.5%	6.9%
Public & parochial elementary and secondary schools	2,136,253	2,436,557	2,619,299	7.5	-6.5	7.0
Colleges & universities	2,039,348	2,438,549	2,611,685	7.1	0.1	8.6
Transportation	576,579	655,508	721,714	10.1	4.0	7.8
Hospitals[7]	6,055,464	7,003,810	7,508,084	7.2	0.2	7.4
Nursing homes, homes for aged, blind, orphans, mentally & physically handicapped[8]	2,205,805	2,577,350	2,780,961	7.9	0.9	8.0
Clubs, sporting & recreational camps	1,049,175	1,200,072	1,290,077	7.5	0.2	7.1
Community centers	318,723	374,941	348,695	-7.0	-12.7	3.0
Total group II	**$ 15,916,641**	**$ 18,425,663**	**$ 19,755,023**	**7.2%**	**-0.7%**	**7.5%**
Total group I & II	**$104,657,185**	**$124,028,586**	**$136,020,738**	**9.7%**	**1.3%**	**9.1%**
Group III — Military feeding[9]						
Officers & NCO clubs ("Open Mess")	$ 359,555	$ 404,344	$ 434,265	7.4%	-1.0%	6.5%
Foodservice — military exchanges	195,321	224,440	244,415	8.9	0.5	7.8
Total group III	**$ 554,876**	**$ 628,784**	**$ 678,680**	**7.9%**	**-0.5%**	**6.9%**
Grand total	**$105,212,061**	**$124,657,370**	**$136,699,418**	**9.7%**	**1.3%**	**9.1%**

Footnotes

1. Data are given only for establishments with payroll.

2. Food and drink sales for non-payroll establishments totaled $2,171,295,000 in 1979.

3. Includes drug and proprietary store restaurants, general merchandise store restaurants, variety store restaurants, food store restaurants and grocery store restaurants, gasoline service station restaurants and miscellaneous retailers.

4. Includes drive-in movies, bowling lanes, recreation and sport centers.

5. Includes sales of hot food, sandwiches, pastries, coffee and other hot beverages.

6. Includes industrial and commercial organizations, seagoing and inland waterway vessels.

7. Includes voluntary and proprietary hospitals, long-term general, TB, nervous and mental hospitals and sales or commercial equivalent to employees in state and local short-term hospitals and federal hospitals.

8. Sales (commercial equivalent calculated for nursing homes and homes for aged only. All others in this grouping making no charge for food served either in cash or in kind.)

9. Continental U.S. only.

**F&D sales — food and drink sales in the foodservice industry*

Eating places in 1982: Sales up 10.4 percent, real growth 2.0 percent . . .

The outlook for food and drink sales at eating places,* which account for about 60 percent of the foodservice industry, will depend on the economic conditions prevailing in 1982. The 1982 outlook is heavily influenced by consumer confidence in their financial situation, consumer spending for goods and services, the overall rate of inflation and growth in consumer incomes. There is likely to be a continued erratic pattern in eating out behavior. Consumers will continue to react strongly to short term economic news as they did in 1981. As a result, monthly sales patterns may remain as unsteady as they have been during recent years.

Based on the economic outlook summarized in the preceding section, eating place sales are projected to total $82.4 billion in 1982, up 10.4 percent for a gain similar to that achieved in 1981. This increase is somewhat below the 12 percent annual growth rate registered during the 1970s.

Real sales, adjusting for menu price inflation, however, will fare significantly better in 1982 than in any of the past three years. NRA's forecast for a real sales gain of 2.0 percent is based on the economic conditions reviewed earlier. This projected rise outshines declines in real sales during 1979 and 1980, followed by an increase of 1.0 percent in 1981.

Quarterly performance may be somewhat erratic due to the combined effect of economic trends and the strengths and weaknesses of comparable periods a year ago.

First quarter sales growth should outpace the 9.3 percent increase registered in 1981. However, second quarter increases will not measure up to the 11.7 percent sales gain in 1981 due to the relatively slow pace of economic activity and the strength of year-earlier growth. Eating place sales should perform well in the third quarter as economic activity strengthens, and in the fourth quarter they are expected to advance by about 11 percent.

One of the premises of the NRA 1982 forecast is that the gain in eating place sales will lag a full percentage point behind growth in disposable income. After narrowing the gap between gains in disposable income and sales in 1981, this variance is expected to widen in 1982 because tax reductions are expected to induce savings by consumers.

In 1981, NRA correctly predicted that reduced inflationary pressure would result in a narrowing in the gap between income and sales growth. Although eating place sales gains generally outpaced income growth in the early and mid-70s, this has not been the trend recently. As fixed costs, such as housing, energy and transportation, have spiraled, consumers have felt the pinch on their budgets. Unless the rate of inflation slows dramatically, it is unlikely that eating place sales will enjoy the favorable position relative to income growth.

Fast food to post strong real growth . . .

Among eating places, *limited menu restaurants* will preserve their dominance in terms of real growth with an increase of 3.6 percent. This gain is up from the 3.0 percent rise posted in 1981. Much of this continued growth is due to the following three factors.

- To some extent, customers will continue to trade down as they look for a good price/value relationship. Price/value, which was the tenth or eleventh ranked attribute in choosing a restaurant during the 1960s, now ranks number two or three with consumers.
- Continued use of promotions will build customer counts. Promotions were associated with a record number of customer visits in 1981. The public has not tired of them yet.
- Despite high interest rates, unit construction is planned but at a slower pace than several years ago.

Restaurants, the largest eating place category, will post sales of $43.1 billion in 1982 for an increase of 9.5 percent. This sales gain will be the strongest since 1977. In real terms, sales are expected to rise 1.1 percent, marking a return to the positive side after several years. This increase will be due to an overall improvement in economic conditions coupled with a modest reversal in trading down.

Commercial cafeterias are expected to do better in 1982 with a sales gain projected at 6.8 percent. They will experience a real sales decline of 1.6 percent, however, as some units close and new openings are smaller. Although many cafeterias are doing well, some are faced with economic pressures inherent in serving a large choice of items with not enough customer turnover.

Although *ice cream and frozen custard stands* can no longer boast of their spectacular growth during earlier years, they are expected to have a real sales gain of 1.6 percent in 1982. This increase is an improvement from the 1981 real gain of 0.8 percent.

Social caterers face the same problems they did in 1981. Restaurants are competing for their business, hotels are trying harder and non-professionals looking for extra money are continuing to make inroads in their business.

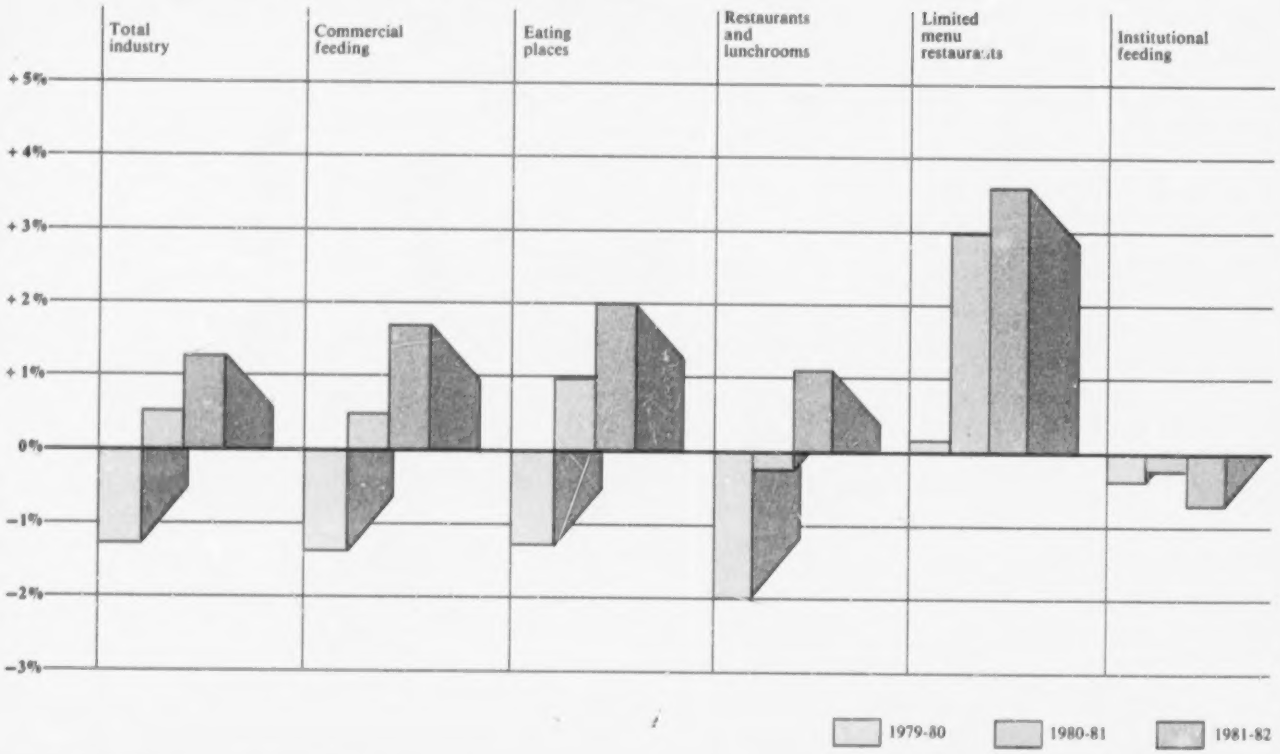
Menu prices to moderate . . .

Menu prices are projected to rise 8.4 percent in 1982, well below the 1981 increase of 9.3 and steeper jumps of 11.2 and 9.9 percent in 1979 and 1980, respectively.

NRA's menu price forecast is based on increases in food,

**Eating places include restaurants, lunchrooms, limited-menu restaurants (refreshment places), commercial cafeterias, social caterers and ice cream and frozen custard stands.*

Percent change in sales (constant dollars)



labor, energy and other operating costs expected to occur in 1982. Some increase in meat and dairy prices, coupled with increased marketing costs for other products, will boost food prices next year by about six percent. Although there is no scheduled increase in the federal minimum wage next year, labor costs will rise about seven percent in line with increases in other industries, as well as rises in Social Security and other benefit costs. Other operating costs should advanced at a rate of nearly eight percent, similar to the GNP deflator.

The foregoing cost increases combined with efforts by operators to boost margins will also result in increased menu prices. If less effort is made to increase margins, there is a possibility that menu price increases would be even more moderate.

Restaurants meet the challenges of 1981–82...

On the operations side, a number of long-term challenges face the industry. Foremost among these are

- controlling costs to maintain margins and
- attracting and training qualified personnel.

Operators will also be challenged to create the ambience that the public is looking for. Upgrading decor continues to be an important part of the marketing mix.

Operators will continue their efforts to spot hot new concepts and incorporate them as rapidly as possible in order to capture sales in the dynamic market place. For example, games and game rooms in restaurants are spreading to many sections of the industry as operators capitalize on the excellent return on investment associated with this growing consumer preoccupation.

Quality becomes a must...

Today's consumer has become increasingly quality conscious. Quality is associated with convenience and speed of service at a fast food unit while other attributes are associated with quality at different types of restaurants. Quality, rather than being a single standard, concerns the restaurateur's ability to deliver the total product he has promised.

Menu selection increases . . .

In the coming year, operators will be challenged to expand menus without diluting or destroying their original concept. Menu expansion will continue in order to broaden appeal by giving consumers more alternatives in terms of specific items and price. Healthy foods and lighter foods are receiving considerable attention in some quarters while many fast food firms are bringing out a variety of larger sandwiches. In addition, fresh foods are attracting more interest as are specific meal periods. For many, breakfast is an inviting new market.

Imagination may be the new value ingredient. There is a rising demand for imagination throughout any restaurant operation from presentation and concept to decor, menu items and design. Consumers want to be entertained. On the other hand, the demand for convenience has remained the one constant which restaurateurs must meet.

Some foodservice contractors to enjoy renewed growth . . .

Airline foodservice contractors will post a four percent real sales gain — the largest in the remaining sectors of the Commercial Feeding Group. *Recreation and sports foodservice* will rank second in real sales growth.

Eating and drinking places account for about 80 percent of sales in the Commercial Group. The remaining categories representing approximately one-fifth of sales, include foodservice contractors, lodging places, retail hosts, recreation and sports centers, mobile caterers, vending and non-store retailers.

Overall sales for foodservice contractors will total about $8 billion in 1982 — up 9.5 percent from 1981 and well ahead of the three-year compound growth. Real sales are projected to rise 1.2 percent, but the sales forecast varies for different types of contract service. While sales by intransit and recreational feeders will post strong real gains, sales by school feeders will register a decline of 3.5 percent.

The strong growth in real sales projected for *airline foodservice* contractors in 1982 represents a recovery from 1981 strike-affected sales. In 1981, air traffic declined by about nine percent, and sales were up just one percent. Next year, airline traffic is projected to partially recover and rise four to five percent. In addition, the rise in the proportion of long distance flights with more meal service will favor contractors serving airlines.

Recreation and sports centers were also affected by strikes in 1981 due to disputes between baseball players and team owners. Resumption of the normal baseball season will be in part responsible for the projected 3.1 percent real growth expected for contractors serving sports and recreation centers. In addition, prospects for good gasoline supplies at fairly stable prices should continue to support a strong gain for recreational foodservice contractors.

Another area expected to experience real gains in excess of one percent is *employee feeding*. Industrial employment is projected to increase by 1.6 percent next year. The forecast for real sales growth for food service contractors at *industrial and manufacturing plants* is moderated, however, by the tendency to reduce manual feeding in favor of vending. Contractors serving *office buildings* will enjoy strong real growth of 2.3 percent due to increases in white-collar employment. Expansion will lag somewhat in 1982, however, as some corporations attempt to cut headquarters staff.

A real sales gain of nearly one percent is forecast for contractors serving *nursing homes*.

Modest gains for food contractors at *colleges and universities* reflect the trend toward the use of more professional feeders to keep costs in line. A real decline of 3.5 percent in contract service at *primary and secondary schools* will be due to another drop in enrollment and funding cutbacks.

Foodservice at lodging places recovers from depressed levels . . .

Although the *hotel and motel* industry is undergoing major construction in downtown locations, 1981 was difficult for several reasons. The airline strike and the general reduction in flights has constricted business and tourist travel to some extent. In addition, a strong rally in the value of the U.S. dollar versus foreign currencies reduced the number of travelers from abroad. A 1982 real gain of 1.8 percent in foodservice sales at lodging places is based largely on a rebound from depressed 1981 sales.

Retail host restaurants are expected to post sales of over $4 billion in 1982 — up 10 percent from this year, which is well above the three-year average. Real sales growth will approximate 1.6 percent due primarily to strong performance for convenience stores.

Sales for *mobile caterers* will be up by 10 percent next year, however, a real growth of only 0.7 percent is projected. Mobile caterers will not post the robust gains of the 1970s because of a lag in construction employment.

Vending sales are projected to reach nearly $3 billion in 1982 with a real growth of one percent. There has been some reduction in the use of vending machines as a result of economic conditions.

Institutional foodservice outlook mixed . . .

The outlook for the Institutional Group is mixed, with community centers and elementary and secondary schools experiencing sharp declines while the transportation sector enjoys significant real growth. Sales for institutional feeders are expected to reach $19.8 billion in 1982 — a 7.2 percent increase over 1981. Overall, 1982 institutional sales are projected to drop 0.7 percent in real terms due to declining or stable population levels at many of these facilities and the sharp drops expected for community centers and schools.

Employee feeding will receive a boost from the projected gain of more than one percent in industrial employment. Total sales are expected to reach nearly $1.9 billion in 1982, up 7.8 percent from this year. The 1982 sales gain represents an improvement over 1980 and 1981 sales as economic conditions improve and food prices moderate.

Real sales growth will approximate only 0.5 percent as foodservice contractors continue to make inroads in the employee feeding market.

A sharp drop in enrollment coupled with reduced federal aid, will adversely affect the prospects for foodservice at *public and parochial schools.* Schools are faced with a two percent decline in the number of students next year — a continuing situation that is not expected to reverse itself until 1985 or 1986. In addition, the National School Lunch Program has been subjected to widely publicized cuts in aid. As a result, foodservice sales, in real terms, will be off by about 6.5 percent next year.

Real sales at *colleges and universities* will remain virtually flat in 1982. Although the 1980 enrollment increased sharply, gains were negligible in 1981, and little change is expected next year.

Transportation is a bright spot in the institutional market as airlines recover from the 1981 strike that lowered foodservice volume. Next year sales should reach nearly $722 million, up 10.1 percent from 1981 with a real gain of about four percent.

Hospitals will post sales of about $7.5 billion in 1982, up 7.2 percent from this year — generally in line with the long-term trend. Real sales will be up slightly as hospital employment increases and community hospitals take on more patients.

Institutional foodservice at *nursing homes* will experience a real gain of nearly one percent in 1982. As people tend to live longer and the elderly population increases relative to total population, the number which resides in nursing homes continues to grow.

Clubs, sporting and recreational camps will post a sales gain of 7.5 percent in 1982. Contrary to this year's experience, there will be a slight real gain in sales as people use clubs for business and social entertaining.

Military sales to post a real decline...

Foodservice sales for the Military Group will total a projected $679 million in 1982, up 7.9 percent from this year. Although sales growth in the Military Group is well below commercial and institutional foodservice sales levels, the percentage increase for PXs and military clubs is substantially above the long-term trend for the group. Foodservice sales for military clubs are projected to decline one percent in 1982. Military exchanges will post a small increase of 0.5 percent due primarily to the convenience factor associated with their foodservice.

Background...

NRA's initial sales projections for 1982, revised projections for 1981 and final estimates for 1979 are published here. Comparable historical sales data from 1970 to 1979 appear in *Foodservice Sales Panorama.* This comprehensive industry reference book is available from NRA's Educational Materials Center.

NRA's annual foodservice industry forecast includes both nominal and real percent changes in sales for all industry sectors. Real growth is calculated separately for each market segment. In the case of eating places, the projected percent increase in menu price is subtracted from the percent increase in sales. For drinking places, it is necessary to make a special estimate of the inflation factor which is weighted more heavily toward alcoholic beverages. For other industry sectors, such as colleges and universities, whose expenses are largely determined by food costs, a modification of the projected increase in the Producer Price Index for food was used. Modifications to this index are based on historical patterns for each industry sector. The food cost component constitutes the base percent increase which is adjusted to reflect population changes and other factors.

For the total foodservice industry as well as the totals for the Commercial and Institutional Groups, real 1982 sales for each sector were developed by multiplying current dollar 1981 sales by respective real growth factors. The real sales figures were then added and compared with 1981 totals to obtain overall real growth.

A word of caution is necessary with all forecasts. Sales projections for 1982 are based on the best data available in early October 1981. If the outlook for general economic conditions or the food situation changes significantly in the coming year, our projections will require adjustment. In addition, the performance of individual companies or sales in local areas may differ substantially from the U.S. outlook.

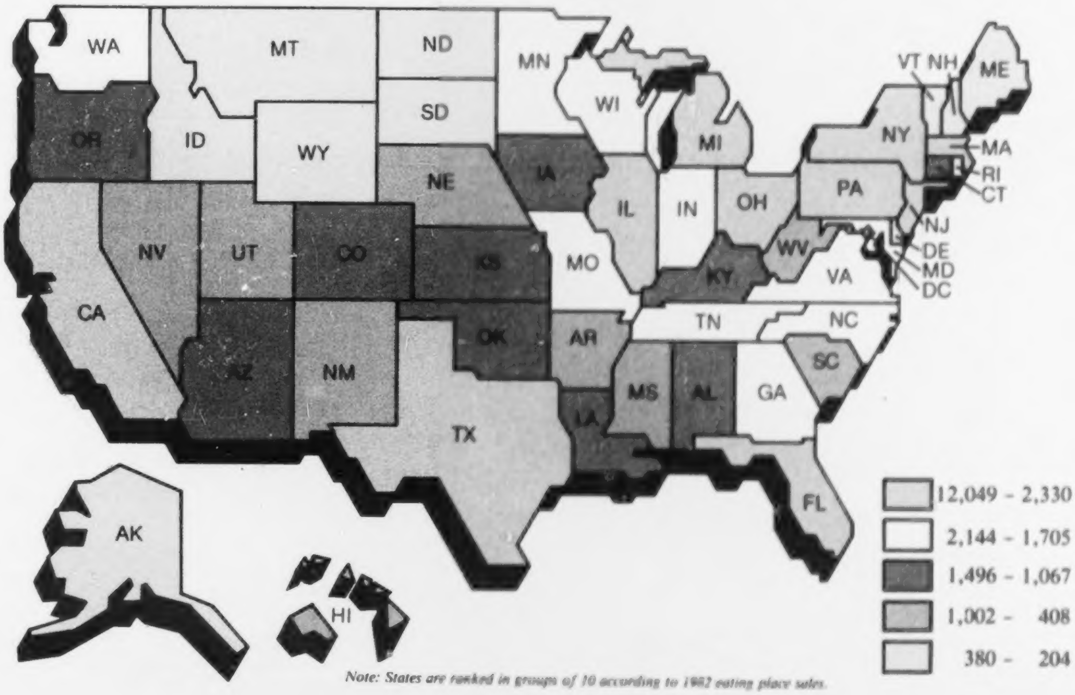
Eating place sales forecast for 1982 — state-by-state data

For the second year the National Restaurant Association is forecasting 1982 eating place sales for each of the 50 states and the District of Columbia. This information makes an important contribution to the overall understanding of the foodservice industry. It is also beneficial to restaurant operators when comparing their sales performance with the average for their state or region and in planning for the coming year.

Growth in eating place sales may differ substantially from region to region depending on the economic situation in each state. Varying rates of income, population and employment growth make a state-by-state forecast particularly valuable. The two maps located on this page and the following one illustrate the wide diversity in the size and growth of eating place sales by state.

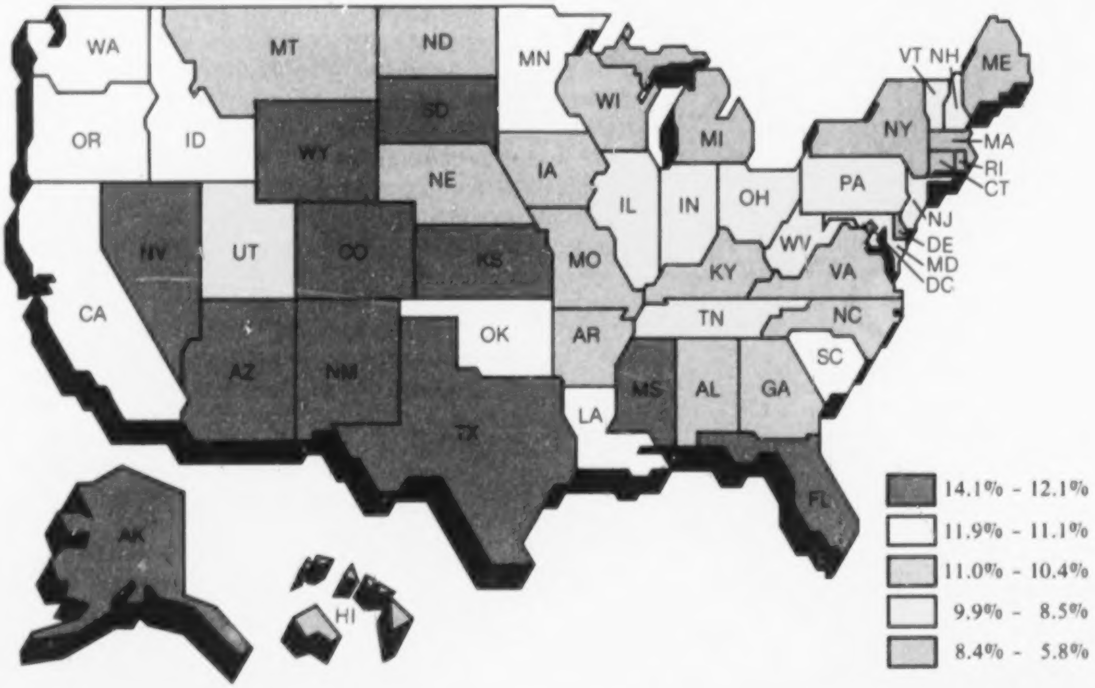
The economic and sales data for the states have been arranged according to the nine census regions. Included for each state are data on eating place sales, disposable personal income and manufacturing and non-manufacturing employment for 1981 and 1982. Much of the information

Eating place sales in 1982 (millions of dollars)


WA
MT
ND
MN
VT NH
ME
OR
ID
SD
WI
MI
NY
MA
RI
CT
WY
NE
IA
PA
IL
IN
OH
NJ
NV
UT
CO
KS
MO
WV
DE
MD
DC
KY
VA
CA
TN
NC
OK
AR
SC
AZ
NM
MS
AL
GA
LA
TX
FL
AK
HI
12,049 - 2,330
2,144 - 1,705
1,496 - 1,067
1,002 - 408
380 - 204

Note: States are ranked in groups of 10 according to 1982 eating place sales.

Percent change in eating place sales, 1981–1982



in this report is compiled from government and private sources, such as the Bureau of Economic Analysis, the U.S. Chamber of Commerce and the Conference Board.

The estimates for eating place sales used here were prepared through consultation with the research firm Malcolm M. Knapp, Inc. State-by-state historical eating place sales trends between 1972 and 1977 form the basis for the projections. These sales figures have been modified, based on current and projected population and income data. For example, sales will continue to grow fastest in the southern and western regions as well as in states, such as Florida, Texas, Arizona and Nevada, because of current and projected employment and income trends in these states. A few words of caution are needed regarding all forecasts and when using these eating place sales figures.

- Adjustments were made to the calculated sales total to arrive at a predetermined U.S. total.
- Sales projections for 1982 are based on the best data available in early October 1981. If the outlook for general economic conditions or the food situation changes significantly in the coming year, our projections will require adjustment.
- Sales figures for each state are subject to greater error than our national sales projections.
- The actual sales figures are a better indication of the size of the restaurant industry in respective states because they represent an overall allocation of total sales in the U.S. Percent changes are subject to more variation, but have been shown here as a convenience to our readers.
- The sales information shown here for states and regions include only operations with payroll and include contract feeding. They represent the census definition of eating places (SIC 5812) and will not equal the total for eating places shown in the table on page 14.
- Regional projections were not done separately, and as a result, regional totals are sums of the state information.

Outlook for the New England region

Eating place sales...

Eating place sales in New England are forecast to equal $4.6 billion in 1982, an increase of 8.0 percent from 1981. Massachusetts and Connecticut dominate the New England economy — accounting for over 75 percent of the region's eating place sales. Sales in Connecticut are expected to rise slightly faster than the average for the whole region in 1982 — 8.2 percent compared with 8.0 percent. This will reflect an improvement in the state's economy.

Massachusetts will experience growth slightly below the regional average, however, due partly to the passage of Proposition 2½, which limits property taxes and has resulted in a reduction in the number of state and local government employees and service workers.

The largest gain in eating place sales in this region is expected to be in New Hampshire where 1982 sales will total $356 million — an increase of 9.1 percent over 1981. On the other hand, Rhode Island is forecast to have the slowest rise in restaurant sales next year — up only 6.1 percent.

New England region

	Eating place sales (000)		
State	1981	1982*	percent change
Connecticut	$ 995,018	$1,076,410	8.2%
Maine	329,995	357,714	8.4
Massachusetts	2,159,188	2,330,196	7.9
New Hampshire	325,856	355,607	9.1
Rhode Island	257,326	272,971	6.1
Vermont	145,755	158,246	8.6
Total region	$4,213,138	$4,551,144	8.0%

*projections

The economy...

The New England region fared better than the Middle Atlantic and East North Central regions in the 1980 recession primarily because of its lack of dependence on durable goods manufacturing and the housing and auto industries. Manufacturing in this region is concentrated in high-technology industries, such as computers and office equipment, that were less affected by the recession than other types of manufacturing. As a result, the area experienced only a slight decline in manufacturing employment this year of 0.1 percent, compared to a 0.2 percent increase nationwide. In 1982, the region is expected to experience growth in manufacturing employment equal to the rate for the total U.S. at 2.4 percent.

An improvement in economic conditions is also forecast next year as the industrial mix continues its change from durable goods manufacturing to high technology and defense-related industries. Because the region produces a disproportionate share of the nation's capital goods, economic performance is closely tied to improvement in the national economy.

The New England Economy (Percent change)

	Manufacturing employment		Non-manufacturing employment		Disposable personal income	
State	1981	1982*	1981	1982*	1981	1982*
Connecticut	-0.6%	2.2%	1.7%	1.0%	9.8%	9.8%
Maine	0.3	2.4	0.4	0.8	10.8	10.5
Massachusetts	nc	2.2	1.7	0.9	9.9	9.9
New Hampshire	1.8	4.3	3.0	2.5	11.3	12.2
Rhode Island	-0.3	2.0	0.8	0.1	10.8	9.4
Vermont	0.6	2.4	4.2	1.8	11.8	12.6
Total region	-0.1	2.4	1.7	1.0	9.9	10.2
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Growth in disposable personal income in the New England region will be below the national average in 1981 and 1982 due to slow population growth. Disposable personal income is projected to increase 9.9 percent in 1981 and 10.2 percent in 1982, compared with 10.8 percent and 11.2 percent in 1981 and 1982 respectively for the total U.S.

The region continues to rely on oil as its primary source of energy. Rapid price increases for this fuel in recent years have had a negative effect on consumer spending for other goods and services as New Englanders have been forced to spend a disproportionate share of their income on energy. If oil price increases moderate in 1982 as projected, the pinch on consumer spending for other goods and services will become less severe. As a result, New England's recovery from the recession should pick up steam.

Outlook for the Middle Atlantic region

Eating place sales...

Sales for eating places in the Middle Atlantic region are forecast to equal $12.8 billion in 1982 — an increase of 8.4 percent from the previous year. Sales in this area will rise less rapidly than for the nation as a whole as a result of a 1981 decline in manufacturing employment and regional population as well as below-average gains in disposable personal income.

Middle Atlantic region

	Eating place sales (000)		
State	1981	1982*	percent change
New Jersey	$ 2,537,038	$ 2,774,505	9.4%
New York	5,918,443	6,383,041	7.8
Pennsylvania	3,387,949	3,678,635	8.6
Total region	$11,843,430	$12,836,181	8.4%

*projections

Eating place sales in New York, which account for half of the region's total, are forecast to equal $6.4 billion in 1982 — an increase of only 7.8 percent from the prior year. This is considerably below the gains of 8.4 percent and 10.4 percent projected for the region and total U.S. respectively. A decline in manufacturing employment and non-manufacturing employment will contribute to the slower rise in restaurant sales in New York. Eating place sales in New Jersey, however, are expected to advance more rapidly than the regional average because of strong gains in non-manufacturing employment and disposable personal income.

Restaurant sales in Pennsylvania will advance at a slightly faster rate than the regional average in 1982 — 8.6 percent, for a total of $3.7 billion.

The economy...

The Middle Atlantic region, which is part of the nation's oldest industrial center, is forecast to have the slowest economic growth in the U.S. in 1982. Outdated industrial plants and equipment, along with high energy costs and the above-average wage and tax rates inherent in the area, are forcing industries out of the region and into the sunbelt states where energy and labor costs are cheaper.

Also contributing to the region's poor economic performance is its dependence on the manufacturing of cyclically sensitive durable goods, such as steel, as a major source of employment and income. Because of this dependence, the region entered the 1980 recession still weakened from the previous one in 1974–75.

The migration of industries from the Middle Atlantic region to the sunbelt is evident in the area's declining share of total U.S. manufacturing employment, which fell from 24.6 percent in 1960 to 17.9 percent in 1979. It is expected to decline even further over the next several years. Consequently, manufacturing employment in the area will fall 1.1 percent this year, compared to a 0.2 percent increase nationwide. In addition, employment is projected to increase only slightly in 1982 to 0.1 percent — considerably below the 2.4 percent advance projected for the total U.S. The region's growth in non-manufacturing employment will also be among the smallest in the nation as the demand for services falls due to the decreasing population.

Gains in disposable personal income in the Middle Atlantic region will lag behind the national average in 1981 and 1982. The increase will be 9.6 percent in 1981 and 8.9 percent in 1982, compared with gains of 10.8 percent and 11.2 percent in 1981 and 1982 respectively for the total U.S. This slower growth can be attributed to the poor employment performance projected for the area as well as the decline in the region's population. As a result, lower spending for goods and services is predicted and because of this, the region's economic performance will continue to lag behind the nation's.

The Middle Atlantic Economy (Percent change)

	Manufacturing employment		Non-manufacturing employment		Disposable personal income	
State	1981	1982*	1981	1982*	1981	1982*
New Jersey	-0.6%	0.2%	1.9%	1.1%	9.9%	9.5%
New York	-0.7	-0.2	0.7	-0.4	9.7	8.2
Pennsylvania	-1.8	0.4	0.3	0.2	9.3	9.6
Total region	-1.1	0.1	0.8	0.1	9.6	8.9
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Outlook for the East North Central region

Eating place sales...

Eating place sales for the five states that comprise the East North Central region are estimated to reach $17.5 billion in 1982 — an increase of 8.6 percent from 1981, which is considerably lower than the 10.4 percent advance projected for the nation. This region depends heavily on durable goods manufacturing, such as autos and steel, which have experienced a slowdown for three consecutive years.

As a result, unemployment is high, particularly in Michigan, and gains in disposable income have been below average. These factors account for the slower growth in eating place sales forecast for 1982.

Three states in this area, Illinois, Michigan and Ohio, rank among the top 10 states in total eating place sales. (See map.) They are not, however, among the top 10 in terms of projected sales growth. Restaurant sales in Illinois will total $5.2 billion in 1982, an increase of 9.6 percent from 1981, and sales in Michigan will increase only 6.5 percent in 1982, reaching $4.0 billion. As mentioned earlier, unemployment in Michigan is above the national average because of the layoff of many auto workers. This has weakened the economy considerably. Eating place sales in Ohio are expected to total $4.3 billion in 1982, an increase of 8.5 percent from the year earlier.

East North Central region

State	Eating place sales (000) 1981	1982*	percent change
Illinois	$ 4,707,451	$ 5,157,954	9.6%
Indiana	1,886,076	2,054,691	8.9
Michigan	3,782,500	4,028,362	6.5
Ohio	3,963,379	4,300,266	8.5
Wisconsin	1,771,363	1,964,442	10.9
Total region	$16,110,769	$17,505,715	8.6%

*projections

The economy...

The East North Central region was affected more severely by the 1980 recession than any other area in the U.S. because manufacturing is concentrated in durable goods, such as autos and steel, which bore the brunt of the recession. The auto industry, a major employer in the area, has experienced three years of depressed sales. Lower production of cars and trucks meant temporary and permanent shutdowns of many auto plants. These shutdowns affected supplier industries, such as rubber and steel, as well. Because the region relies so heavily on these industries as a source of employment and income, it will experience below-average economic performance this year, but is expected to improve somewhat in 1982.

Industries are moving away from this region and into the sunbelt states and the region is also losing young workers who leave when plants close in industries, such as auto and steel. Consequently, jobs in the non-manufacturing sector are lost as well since people have less discretionary income to spend on goods and services.

The East North Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Illinois	-1.9%	1.5%	0.4%	0.9%	10.2%	10.6%
Indiana	1.7	2.1	-0.4	0.7	10.9	10.4
Michigan	1.7	3.0	0.5	0.8	10.2	10.2
Ohio	-0.3	2.1	0.4	0.8	10.6	10.7
Wisconsin	-1.2	2.9	2.3	1.6	10.4	10.6
Total region	-0.1	2.3	0.4	0.9	10.4	10.5
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Manufacturing employment in the East North Central region will decrease slightly — 0.1 percent in 1981, which is a considerable improvement over the 8.2 percent decline experienced in 1980. The region is expected to experience some improvement in economic conditions in 1982. Manufacturing employment is projected to rise 2.3 percent in 1982, approximating the 2.4 percent advance forecast for the total U.S.

Despite the 1982 improvement in manufacturing employment in the East North Central region, growth in disposable personal income will lag behind the national average. After increasing 10.4 percent this year, it is projected to rise 10.5 percent in 1982, compared with 10.8 percent and 11.2 percent respectively for the U.S. Slower regional growth can be attributed to moderate advances in the population as well as below-average gains in employment.

Because of the region's dependence on these volatile industries, it will remain vulnerable to economic recessions and periods of prolonged high interest rates, and its performance may continue to lag behind the nation's.

Outlook for the West North Central region

Eating place sales...

Eating place sales in the West North Central region are expected to reach $7.2 billion in 1982, up 11.2 percent from 1981 sales of $6.4 billion. This region will outperform the nation because of the strong gains expected in manufacturing employment and disposable personal income next year.

Minnesota and Missouri account for over half — 54 percent — of total eating place sales in the region. Sales in Missouri are expected to total $2.1 billion in 1982 — an 11.0 percent gain over 1981. Restaurant sales in Minnesota are forecast to increase 11.4 percent in 1982 for a $1.7 billion total. Kansas and South Dakota will experience the most rapid sales growth in the region of 12.2 percent and 12.1 percent respectively. These states are expected to have above-average gains in manufacturing employment which will contribute to the above-average performance in eating place sales. On the other hand, sales growth in Nebraska will be the slowest among the seven states in the West North Central region. Restaurant sales are expected to total $614 million in 1982 — a 10.5 percent advance over 1981. Slow population gains and below-average growth in nonmanufacturing employment will adversely affect restaurant sales in this state in 1982.

West North Central region

State	Eating place sales (000) 1981	1982*	percent change
Iowa	$ 988,607	$1,094,684	10.7%
Kansas	944,885	1,059,972	12.2
Minnesota	1,545,298	1,721,926	11.4
Missouri	1,931,791	2,144,095	11.0
Nebraska	555,116	613,625	10.5
North Dakota	224,284	248,372	10.7
South Dakota	255,481	286,343	12.1
Total region	$6,445,462	$7,169,017	11.2%

*projections

The economy...

Agriculture is the dominant industry in the West North Central region, however, much of the growth projected for this area in 1982 will not be derived from this sector. Mining, defense and services are expected to contribute much to the gains in employment and income forecast for this area.

The West North Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Iowa	-2.3%	2.1%	nc	1.1%	9.5%	11.2%
Kansas	-1.3	4.7	1.7	1.9	10.4	11.3
Minnesota	-1.2	2.6	0.1	2.1	9.2	11.7
Missouri	-1.2	1.8	0.3	0.9	9.3	10.5
Nebraska	0.4	2.9	0.6	1.1	10.1	11.7
North Dakota	-2.6	5.3	2.1	2.4	10.1	11.0
South Dakota	-1.5	5.4	0.6	0.9	12.9	9.8
Total region	-1.3	2.6	0.5	1.4	9.7	11.1
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Industry throughout the region is diversified with mining becoming increasingly important to North and South Dakota while manufacturing and food processing are the major industries in Missouri and Minnesota. Because of this diversification, the region was little affected by the 1980 recession, contributing to the above-average performance forecast in 1982.

Manufacturing employment will decline 1.3 percent in the West North Central region in 1981 compared with a 0.2 percent increase nationwide. However, employment growth should outpace the gain for the total U.S. in 1982, rising 2.6 percent. South Dakota will experience the largest gain in manufacturing employment in 1982 at 5.4 percent. Mining and mining exploration are on the rise, accounting for much of the employment growth.

Due to the small advance in farm income expected for this year, the region will experience a slower gain in disposable personal income than the national average in 1981 — 9.7 percent compared with 10.8 percent. The West North Central region derives a larger portion of its income from the farm sector than any other area in the U.S., and the record grain harvest this year will keep commodity prices lower. As a result, farm income is not expected to be much above the 1980 level. In 1982, however, the region is projected to experience an 11.1 percent advance in disposable personal income, approximating the 11.2 percent increase forecast for the nation.

Outlook for the South Atlantic region

Eating place sales...

The South Atlantic region will experience an 11.2 percent increase in eating place sales in 1982 for a total of $15.1 billion. This above-average performance is the result of the strong gains in restaurant sales expected in Florida and South Carolina.

Florida, which accounts for 35 percent of total eating place sales in the region, should have the most rapid growth among the nine states that comprise the area. Sales are expected to total $5.4 billion in 1982 — up 13.5 percent from the year earlier. Above-average gains in manufacturing and non-manufacturing employment, as well as disposable personal income, will be beneficial to the increase of eating place sales in Florida.

South Carolina will also have a strong rise in eating place sales in 1982 — 11.4 percent. Gains in both manufacturing and non-manufacturing employment and disposable personal income will be above the national average in 1982 and will contribute significantly to the rapid growth in eating place sales projected for this state. The District of Columbia will experience the slowest rise in restaurant sales in the region. Declines are expected in both manufacturing and non-manufacturing employment, which will contribute to the modest 5.8 percent advance forecast for eating place sales in 1982.

South Atlantic region

State	Eating place sales (000) 1981	1982*	percent change
Delaware	$ 188,730	$ 204,489	8.4%
District of Columbia	428,100	452,758	5.8
Florida	4,730,061	5,367,273	13.5
Georgia	1,843,375	2,045,224	11.0
Maryland	1,570,358	1,705,409	8.6
North Carolina	1,674,802	1,849,316	10.4
South Carolina	899,083	1,001,758	11.4
Virginia	1,864,887	2,059,395	10.4
West Virginia	424,749	460,853	8.5
Total region	$13,624,145	$15,146,475	11.2%

*projections

The economy...

The South Atlantic Region emerged from the 1980 recession virtually unscathed. One factor that helps to account for the above-average economic performance is the ability to attract new business. The region's lower wage rates and energy costs, improved access to shipping ports and transportation facilities, an advantageous tax structure and a growing population have resulted in the migration of business from the northeast to these sunbelt states.

The region will continue to grow faster than the nation in 1982. Manufacturing employment will increase 0.6 percent in 1981, compared with a 0.2 percent advance nationwide. It is projected to rise 2.6 percent in 1982 while the total U.S. is expected to experience a slightly smaller 2.4 percent gain.

The South Atlantic Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Delaware	3.4%	1.4%	-0.8%	0.4%	10.8%	10.0%
District of Columbia	-0.6	-2.0	-0.1	-0.7	8.7	6.8
Florida	3.1	3.9	4.2	2.9	14.0	13.4
Georgia	1.0	3.0	1.5	1.5	11.3	11.2
Maryland	-0.4	0.4	0.8	0.9	10.4	9.2
North Carolina	0.4	2.8	1.4	2.2	10.9	12.0
South Carolina	-1.5	3.0	1.2	2.3	10.6	11.5
Virginia	0.7	2.4	1.6	2.1	11.6	10.8
West Virginia	-1.4	0.3	-0.5	2.6	9.3	10.9
Total region	0.6	2.6	1.9	2.0	11.6	11.5
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

Gains in disposable personal income in the South Atlantic region will exceed the national average this year and in 1982. Income will advance 11.6 percent in 1981 compared with a 10.8 percent gain for the entire U.S. In 1982, income is projected to increase 11.5 percent while the nation will experience a slightly smaller 11.2 percent gain. Florida will boast the largest increase in disposable personal income this year and next — at 14.0 percent and 13.4 percent respectively. A large proportion of this state's residents is older, retired people, and much of the state's income growth is the result of cost-of-living increases in Social Security payments. The region's strong growth in disposable personal income is a significant factor contributing to the good economic health of this area this year and its continued improvement in 1982.

Outlook for the East South Central region

Eating place sales...

Eating place sales in the East South Central region are expected to equal $4.5 billion in 1982 — up 10.7 percent from the year earlier, somewhat faster than the 10.4 percent advance forecast for the U.S. The region is expected to experience above-average gains in non-manufacturing employment and disposable personal income in 1982, which will contribute to the strong advance projected for eating place sales.

Mississippi, the only state in this region with eating place sales below $1 billion, will enjoy the largest increase in restaurant sales next year. Sales will total $688 million in 1982 — up 12.6 percent from 1981. Strong gains in both manufacturing and non-manufacturing employment and disposable personal income will help boost eating place sales in the state. Alabama will also outperform the region in restaurant sales growth in 1982 with a projected increase of 11.0 percent, again based on growth in manufacturing and non-manufacturing employment. Eating place sales in Tennessee are projected to experience the slowest gain in the region, up 9.9 percent from 1981.

East South Central region

State	Eating place sales (000) 1981	 1982*	percent change
Alabama	$1,045,513	$1,160,415	11.0%
Kentucky	1,073,903	1,185,267	10.4
Mississippi	611,168	688,420	12.6
Tennessee	1,352,469	1,486,769	9.9
Total region	$4,083,053	$4,520,871	10.7%

*projections

The economy...

The four East South Central states posted the slowest growth of the sunbelt states during the 1980 recession. Manufacturing is concentrated in industries, such as building materials, household appliances, textiles and apparel, which were adversely affected by the downturn. The region's economic condition improved during 1981 and that will carry over into 1982.

High interest rates dampened the recovery expected for the housing industry this year. Because much of the manufacturing in this region relies on the housing sector, manufacturing employment will decline 0.3 percent. Improvement in the housing industry is projected for 1982 because interest rates are expected to fall below their current high levels. Thus, manufacturing employment should advance 2.2 percent — approximating the 2.4 percent increase projected for the U.S.

The region's growth in disposable personal income will mirror that for the nation this year at 10.8 percent. It is expected to increase at a slightly faster rate of 11.5 percent in 1982 compared with 11.2 percent nationwide.

Because the region is dependent on cyclically sensitive industries, such as housing, textiles and apparel, it will be more vulnerable to business downturns than the others in the sunbelt.

The East South Central Economy (Percent change)

State	Manufacturing employment		Non-manufacturing employment		Disposable personal income	
	1981	1982*	1981	1982*	1981	1982*
Alabama	-1.3%	2.7%	1.9%	2.2%	10.4%	10.9%
Kentucky	-1.1	1.1	1.9	2.3	11.0	11.6
Mississippi	-0.3	2.7	1.9	2.2	11.5	11.2
Tennessee	0.9	2.3	0.3	2.1	10.6	12.4
Total region	-0.3	2.2	1.4	2.2	10.8	11.5
Total U.S.	0.2%	2.4%	.5%	1.8%	10.8%	11.2%

Source: *U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.*

*projections

Outlook for the West South Central region

Eating place sales. . .

Eating place sales will rise almost $1.2 billion to $10 billion between 1981 and 1982 in the West South Central region — up 13.3 percent from the previous year. The strong economy in this area, particularly in Texas, will result in considerably faster regional sales growth than that for the nation as a whole.

Texas, which accounts for a 70 percent share of the region's total eating place sales, will post a 14.1 percent gain in 1982. Texas continues to experience large gains in population and income which, of course, have a positive effect on restaurant sales.

Above-average gains in both manufacturing and non-manufacturing employment and disposable personal income will contribute to the rapid growth in eating place sales for Louisiana, Arkansas and Oklahoma. Sales in Louisiana are expected to equal $1.3 billion in 1982 — up 11.9 percent from $1.2 billion in 1981. Arkansas is expected to experience a 10.7 percent advance in sales — reaching a $621 million total in 1982. Restaurant sales in Oklahoma are projected to surpass the $1 billion level in 1982 with a total of $1.1 billion.

West South Central region

State	Eating place sales (000) 1981	1982*	percent change
Arkansas	$ 560,567	$ 621,[illegible]	10.7%
Louisiana	1,188,896	1,330,775	11.9
Oklahoma	959,791	1,067,388	11.2
Texas	6,134,911	7,002,127	14.1
Total region	$8,844,361	$10,020,068	13.3%

*projections

The economy. . .

The West South Central region experienced the strongest economic growth of any region in the U.S. during the 1980 recession. Industry in this area is energy-related, and the decontrol of oil prices has increased employment opportunities and income levels. Also contributing to the region's stellar economic performance is the rapid population growth experienced in the 70s, which will continue in the current decade. Much of this increase is the result of young workers migrating from the northeast where employment opportunities are less plentiful.

Manufacturing employment will increase 2.9 percent this year, considerably faster than the 0.2 percent advance nationwide. Drilling of new oil and gas wells accounts for much of the increase — especially the above-average gains of 3.2 percent and 3.4 percent in Louisiana and Texas. Manufacturing employment is projected to experience above-average growth in 1982 as well — rising 3.3 percent versus the 2.4 percent gain forecast for the U.S.

The West South Central Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Arkansas	1.3%	2.7%	1.0%	1.3%	10.9%	11.2%
Louisiana	3.2	2.2	4.0	2.4	13.2	13.1
Oklahoma	1.6	3.9	3.8	2.2	12.7	12.6
Texas	3.4	3.5	4.3	3.3	13.1	14.0
Total region	2.9	3.3	4.0	2.9	12.9	13.5
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

The large number of people moving to the West South Central region has created a strong demand for services. As a result, employment gains in the non-manufacturing sector will also be above the national average — rising 4.0 percent this year, more than twice the 1.5 percent rate for the U.S. Employment is expected to experience better-than-average performance in 1982 with a projected increase of 2.9 percent compared with the 1.6 percent advance nationwide.

Given projected economic conditions, it is not surprising that the rise in disposable personal income will outpace performance nationally with a growth of 12.9 percent this year. This trend is expected to continue in 1982 with an increase of 13.5 percent compared with 11.2 percent for the U.S.

Outlook for the Mountain region

Eating place sales. . .

Eating place sales in the Mountain region will total almost $5 billion in 1982, up an above-average 12.4 percent from the previous year. This region is one of the fastest growing in the nation and one of the healthiest economically. Most states in this area are expected to have above-average employment gains in 1981 and 1982, providing a beneficial operating environment for restaurants.

Colorado and Arizona account for over half — 55 percent — of total eating place sales in this region. Restaurant sales in Colorado should total $1.5 billion in 1982 while in Arizona they are projected to equal $1.3 billion. Wyoming is expected to post the most rapid increase — 14.1 percent in eating place sales next year. Utah, however, will experience a considerably slower increase of only 9.7 percent.

Mountain region

	Eating place sales (000)		
State	1981	1982*	percent change
Arizona	$1,108,859	$1,258,555	13.5%
Colorado	1,329,775	1,495,997	12.5
Idaho	325,037	363,391	11.8
Montana	283,018	314,203	11.0
Nevada	373,077	421,055	12.9
New Mexico	456,903	512,371	12.1
Utah	372,169	408,195	9.7
Wyoming	179,010	204,268	14.1
Total region	$4,427,848	$4,978,067	12.4%

*projections

The economy. . .

The Mountain region experienced only a moderate slowdown in production and income as a result of the 1980 recession. This area is one of the fastest growing in the U.S., and a disproportionate share of industry is concentrated in construction, which was adversely affected by the downturn. However, the region's economy is expected to resume its rapid growth rate this year and in 1982. The development of energy and non-energy minerals and defense-related industries will contribute to much of the gains in the Mountain region.

Manufacturing employment will increase 3.3 percent this year, substantially higher than the 0.2 percent advance nationwide. Employment gains are expected to continue to outpace growth for the total U.S. in 1982, rising 5.4 percent. As mentioned earlier, the development of energy and non-energy minerals and defense-related industries will account for much of the employment growth.

Above average gains in non-manufacturing employment are also expected in the Mountain region. Employment will increase 2.8 percent this year while the nation will experience a more moderate advance of 1.5 percent. Employment in this sector is forecast to increase 4.1 percent in 1982, two and a half times the 1.6 percent rise projected for the total U.S. Rapid population growth in the area has created a strong demand for construction, services and trade and is a significant factor contributing to the rapid growth in non-manufacturing employment.

Given the above-average gains in both manufacturing and non-manufacturing employment, it is not surprising that growth in disposable personal income will outpace that for the total U.S. Income will increase 12.2 percent this year compared with a 10.8 percent advance nationwide. Disposable personal income is forecast to rise 13.2 percent in the region in 1982, considerably faster than the 11.2 percent increase projected for the total U.S. The above-average income gains should keep consumer spending strong in the Mountain region in 1982, and economic growth will continue to be the most rapid in the U.S.

The Mountain Economy (Percent change)

	Manufacturing employment		Non-manufacturing employment		Disposable personal income	
State	1981	1982*	1981	1982*	1981	1982*
Arizona	4.2%	5.3%	2.3%	3.9%	12.0%	13.3%
Colorado	3.6	6.0	2.6	3.5	12.5	13.2
Idaho	0.7	3.6	2.2	3.3	12.2	13.0
Montana	1.7	4.6	3.6	2.3	12.8	10.6
Nevada	4.6	5.4	4.6	5.2	12.3	14.3
New Mexico	nc	5.8	2.4	4.4	11.0	11.8
Utah	3.8	5.6	2.5	3.8	12.1	12.9
Wyoming	8.6	4.4	5.0	8.6	15.1	15.6
Total region	3.3	5.4	2.8	4.1	12.2	13.2
Total U.S.	0.2%	2.4%	1.5%	1.6%	10.8%	11.2%

Source: *U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.*

*projections

Outlook for the Pacific region

Eating place sales. . .

The Pacific region will experience an 11.1 percent increase in eating place sales in 1982 for a total of $16.5 billion. The above-average gains in employment and income in 1981 and 1982 provide a healthy economic environment for the restaurant industry.

California dominates eating place sales in the Pacific region, accounting for nearly 75 percent of the total. Sales are forecast to equal $12 billion in 1982, an advance of 11.1 percent from the prior year. Alaska leads the region in terms of percentage sales growth in 1982 with a 13.3 percent advance. Manufacturing employment in this state is expected to rise 10.2 percent in 1982, more than four times the 2.4 percent advance projected for the total U.S. This rapid growth is a significant factor contributing to the above-average performance of eating place sales.

Pacific region

State	Eating place sales (000) 1981	1982*	percent change
Alaska	$ 335,096	$ 379,597	13.3%
California	10,845,269	12,049,094	11.1
Hawaii	555,743	593,533	6.8
Oregon	1,257,066	1,406,657	11.9
Washington	1,854,318	2,064,412	11.3
Total region	$14,847,492	$16,493,293	11.1%

*projections

Restaurant sales in Oregon are projected to total $1.4 billion in 1982 — up 11.9 percent from the prior year. Eating place sales in Washington are expected to increase 11.3 percent in 1982 and will equal $2.1 billion. Both of these states will experience above-average growth in employment and income levels in 1982, and these gains will have a positive effect on eating place sales. Hawaii, however, is forecast to have the slowest rise in eating place sales in this region. Sales are estimated to total $594 million in 1982 — an advance of only 6.8 percent from 1981. Hawaii's economy relies heavily on the tourist industry, and travel to this state has been depressed for the past few years. A decline in the number of tourists and relatively slow growth in manufacturing and non-manufacturing employment projected for the state in 1982 will account for the modest gain in restaurant sales.

The economy. . .

The Pacific region experienced slower growth as a result of the 1980 recession as the depressed housing market caused a slowdown in the lumber industry in northern California, Oregon and Washington. Building was slow as high mortgage rates dampened growth in both residential and non-residential construction.

The Pacific Economy (Percent change)

State	Manufacturing employment 1981	1982*	Non-manufacturing employment 1981	1982*	Disposable personal income 1981	1982*
Alaska	-5.2%	10.2%	4.9 %	4.1%	15.1%	13.7%
California	1.2	4.3	1.7	1.9	10.9	12.1
Hawaii	-0.9	2.1	0.9	1.7	11.0	10.8
Oregon	-2.1	4.5	-1.1	1.9	9.9	12.9
Washington	0.7	5.5	1.5	2.9	11.7	13.2
Total region	0.8	4.4	1.5	2.0	11.0	12.3
Total U.S.	0.2 %	2.4%	1.5 %	1.6%	10.8%	11.2%

Source: U.S. Chamber of Commerce, Washington, D.C.; adjustments made to Disposable Personal Income figures by NRA to reflect most current projections.

*projections

The economic condition of the Pacific region improved in 1981 and should perform better than the nation as a whole in 1982. Manufacturing employment this year will increase 0.8 percent. Employment is projected to rise at a faster 4.4 percent rate in 1982 compared with the national estimated growth of 2.4 percent. New orders for capital goods are expected to increase in 1982, benefiting the high technology computer and electronic component industries. Defense-related and commercial aircraft industries will also contribute significantly to the region's improved employment growth in 1982.

Non-manufacturing employment in the Pacific region will increase at the same rate as the nation this year at 1.5 percent. It is projected to outpace growth for the total U.S. in 1982, 2.0 percent compared with 1.6 percent respectively. Tourism, which has been depressed for the past few years, is expected to improve moderately in 1982, accounting for much of the employment growth.

Income will rise 11 percent this year, slightly faster than the 10.8 percent increase for the total U.S. The region is expected to experience a 12.3 percent advance in disposable personal income in 1982. The area's above-average income gains will result in stronger consumer spending, a significant factor contributing to the improved economic conditions and the above-average performance in eating place sales projected for 1982.

Industry sales reach $124.7 billion in 1981

Total foodservice industry sales will reach $124.7 billion this year — up 9.3 percent from 1980's $114.0 billion. Sales for the Commercial Group will equal $105.6 billion — an increase of 9.8 percent. Institutional Group sales are expected to total $18.4 billion — rising at a slower 7.0 percent pace from a year ago. The Military Group will have sales of nearly $629 million — up 7.4 percent.

Eating place sales will equal $74.7 billion...

Eating places, which account for about 60 percent of total foodservice sales, will record sales of $74.7 billion this year, posting an advance of 10.3 percent over 1980. This increase outpaces the 8.6 percent advance last year but is below the average annual gain of 12.5 percent registered during the 70s.

NRA's original 1981 forecast, made in November 1980, predicted eating places would post a sales gain of 10.6 percent. Our forecast correctly predicted that the gap between growth in income and eating place sales would narrow in 1981.

Menu prices for 1981 to rise 9.3 percent...

Menu prices, as measured by the Bureau of Labor Statistics' Consumer Price Index (CPI), for food away from home will increase about 9.3 percent above 1980's level — somewhat below NRA's original forecast of 10 percent. This rise lagged behind predictions because wholesale food prices rose at a much more modest pace than USDA predicted.

Menu price increases have moderated substantially from the 11.2 percent increase in 1979. During the 70s, menu prices rose at an average annual rate of 8.3 percent.

Real eating place sales rise by one percent...

Based on a 10.3 percent gain in eating place sales and a 9.3 percent rise in menu prices, real sales should post a gain of 1.0 percent this year. Thus, real sales will register a dramatic improvement over the two previous years, when real sales adjusted for inflation declined.

NRA's original forecast was for real eating place sales to rise 0.6 percent. Our 1981 forecast noted that if inflation moderated more than expected, real growth would increase. This is exactly what happened in 1981.

Readers are reminded that changes in real sales for eating places represent an industry average for full-service restaurants, fast food restaurants and cafeterias, among others. Many operators throughout the country will fare much better in 1981 than these industry-wide figures indicate.

Foodservice industry sales
1980–1981

	Food and drink sales (000)		Percent change between 1980-81	
	1980	**1981**	**Current dollars**	**Constant dollars***
Commercial feeding	$ 96,209,130	$105,602,923	9.8%	0.5%
Eating places	67,701,828	74,675.114	10.3	1.0
Restaurants and lunchrooms	36,037,601	39,324,429	9.1	- 0.2
Commercial cafeterias	2,163,965	2,315,442	7.0	- 2.3
Limited menu restaurants	27,434,837	30,809,321	12.3	3.0
Social caterers	775,944	806,206	3.9	- 5.4
Ice cream, frozen custard stands	1,289,479	1,419,716	10.1	0.8
Bars and taverns	7,722,144	8,321,422	7.8	- 1.5
Eating and drinking places	75,423,970	82,996,536	10.0	0.7
Institutional	17,216,690	18,425,663	7.0	- 0.2
Military	585,323	628,748	7.4	- 1.9
Total foodservice industry sales	**$114,011,143**	**$124,657,370**	**9.3%**	**0.4%**

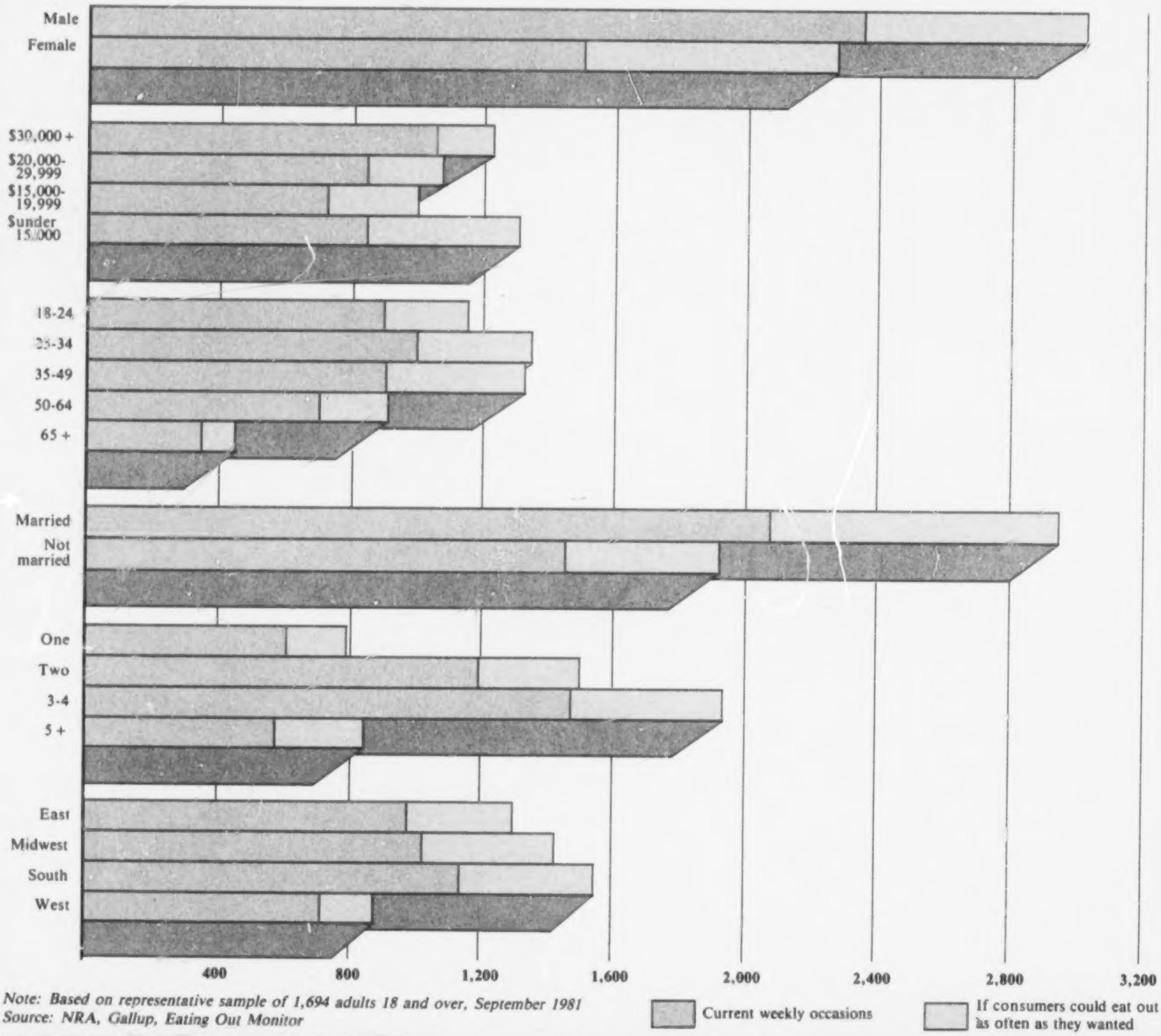
*adjusted for inflation

Consumers' appetite for restaurant meals far from satisfied

A Gallup consumer poll sponsored by NRA reveals that the market for meals away from home is far from satisfied. If adult consumers were able to eat in restaurants as frequently as they would like to, customer traffic would jump by more than one-third.

While many consumers would like to eat out more frequently, they are unable to do so because of economic conditions. Since 1979, demand for restaurant meals has

Customer traffic increase if consumers could eat out as often as they want



Note: Based on representative sample of 1,694 adults 18 and over, September 1981
Source: NRA, Gallup, Eating Out Monitor

been constricted by spiraling fixed charges against income for housing, energy and transportation. Many consumers would like to eat out more often, but their pocketbooks do not allow these discretionary expenditures.

When consumers who say they are eating out less frequently are asked why, the majority of responses relate to their economic situation. In responding to a Nielson survey earlier this year, over half of those who say they are eating out less pointed to the high cost of meals away from home. Thirteen percent said they have less money now, and an additional 11 percent mentioned inflation.

Consumer sentiment, as measured by the Conference Board, has improved this year, however, consumers are still concerned about their economic situation. While many would like to eat out more often, NRA's 1982 forecast is based on a realistic projection of their ability to do so.

The following survey results indicate that the consumer's appetite for meals away from home is far from satisfied, which puts the industry in a strong position to capture a larger share of the consumer's dollar in the future. However, the rate of inflation must slow considerably before economic and psychological pressures ease enough for hard-pressed consumers to feel comfortable with a significant increase in restaurant dining. The following demographic information indicates that those consumers who are most likely to feel financially pinched contribute most to pent-up demand for meals away from home.

Four out of 10 adults would like to eat out more often...

Nearly 40 percent of adults questioned in September 1981 by Gallup's *Eating Out Monitor* said that they were not eating out often enough. Those who were most likely to agree that they are not eating out enough include

• Women		43%
• All consumers	— 25 to 34 years old	47
	— 35 to 49 years old	44
• Consumers from larger households of 5 or more members		54
• Consumers with incomes from	— $15,000–$19,999	43
	— under $15,000	46
• Consumers living in the midwest		44
• Consumers who eat out less frequently	— once a week	51
	— not at all	60

More revealing for the restaurateur is what this pent-up desire to eat away from home means in terms of customer traffic. By asking those who said they were not eating out often enough to specify how many more times per week they would like to eat away from home, we are able to gauge how large the market would be if consumers were financially able to eat out as often as they wished.

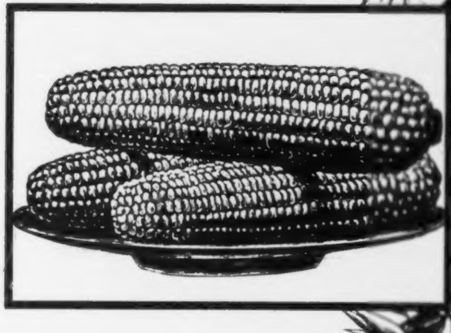
Overall customer traffic would rise by more than one-third if those who wanted to eat out more could do so. However, some demographic groups are less satisfied with their current level of eating out than others. If they could eat out as often as they wanted to, the survey indicates that specific groups of consumers would increase their occasions as follows:

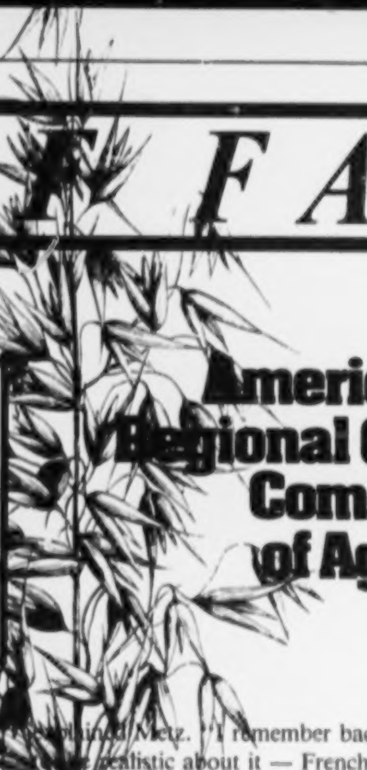
	Percent increase in occasions
All occasions	34%
By sex	
Men	23
Women	51
By income	
$30,000 and over	17
$20,000 to $29,999	29
$15,000 to $19,999	40
under $15,000	56
By age	
18–24 years old	27
25–34	35
35–49	46
50–64	31
65+	25
By marital status	
married	42
not married	31
By household size	
one	30
two	25
three–four	40
five or more	47
By region	
east	31
midwest	38
south	36
west	24

It isn't surprising that those who are likely to be most financially pressured — consumers with lower incomes, married consumers, those from larger households and those 35 to 49 who may be incurring large expenses to educate their children — would raise their current level of restaurant occasions most.

The accompanying chart depicts the current level of eating-out activity and increases that consumers say they would make if they were able to do so. It shows how specific demographic groups contribute to the total number of restaurant visits and how this picture might change if consumers felt less financially strapped.

BILL OF FARE

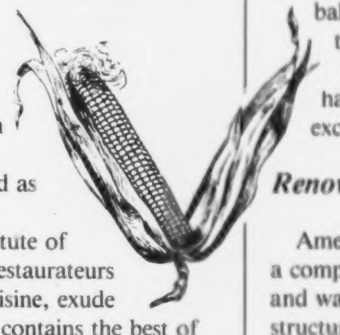




American Regional Cuisine Comes of Age

I want to go home. Who hasn't felt that way at one time or another about his particular region of the country? Home connotes a sense of security and comfort, a sense of being part of something stable and whole. Something which, at its very core, is good. And when you think of home, you think of food. It's almost impossible not to.

The bicentennial celebrations of 1976 sparked a new way of preparing and serving food in restaurants known as American regional cuisine. A simple definition of American regional cuisine is the avoidance of food and drink which did not originate in the United States. A more elaborate definition usually encompasses the method of preparation, style of serving, dress of waiters and waitresses, type of china, silverware and crystal, as well as period furniture and artwork.



American regional cuisine is a new style of cooking. It's as new as Ferdinand Metz's restaurant, American Bounty, that is scheduled to open next summer. On the other hand, it is as old as the original American Indians.

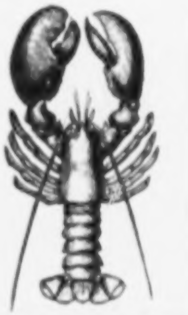
Metz, president of the Culinary Institute of America, Hyde Park, NY, and other restaurateurs who specialize in American regional cuisine, exude enthusiasm. American regional cuisine contains the best of all worlds, and it has been right at our fingertips all the time. It has the tradition, flavor and nostalgia of the past, the fresh, natural innovations of the present and holds a big, viable promise for the future.

Rediscovering true American cuisine...

Metz's 16-year involvement as member, captain and manager of the U.S. Culinary Olympic team affords him a clear, overall view of our nation's culinary history. It has always been hard for the U.S. to prepare a national dish, explained Metz. "I remember back in 1968 we prepared — let's be realistic about it — French food and gave it American names. It wasn't until 1976 when we really put American cuisine into the competition and consequently won third prize. And then in 1980, two dishes that we prepared won the grand prize of all 26 countries." In 1976, the cost of the American entry was $4.30 per plate. In 1980 — 12 years later when one would expect the price to be at least double — the cost was only $2.30. "The challenge that we imposed on ourselves was not to create the most expensive dish with the most costly ingredients, but to see what we could do with basic, fresh ingredients from our own country. Our attractive, nutritionally balanced, easy to prepare, relatively inexpensive dish of turkey roll, stuffed pear, nest of vegetables with pearl onions and mushrooms won first prize. We have opened up a whole new world of recognition and excitement for the future," Metz reported.

Renovating buildings and menus...

American regional cuisine is more than cooking. It is a composite of America's history from the breadbaskets and water glasses on the table to the entire building structure and atmosphere of the restaurant. Many operators are moving back into the challenging inner city and renovating old buildings.



Michael Grisanti, chairman of NRA's Communication's Committee, operates two Italian restaurants as well as his special project, Sixth Avenue (Louisville, KY), which specializes in American regional cuisine.

Sixth Avenue is in a 100-year-old renovated hotel. Grisanti describes it as a real preservation project. "The restaurant bar is the original bar from the hotel. The restaurant itself takes the customers back to the turn of the century. It features an arched ceiling of ornate plaster. But for a modern touch, the dining room has a five-story atrium. The structural columns and beams are a Flemish oak, which were installed in the hotel. There are lots of green plants and fresh flowers. The walls, if not exposed brick, have a buff-toned linen fabric."

During the renovation, particular attention was paid to ensure flexibility in the kitchen area. Special thought was given to control labor and utility costs to increase the restaurant's productivity and guarantee quality and consistent foodservice, and a century-old building was altered to meet the needs of tomorrow.

"One of the reasons we created Sixth Avenue was because of the conditions we saw in running two restaurants that were Italian by emphasis. We learned that there were so many products available to us, natural and fresh, that were not a part of Italian cuisine, like acorn squash, wild game, venison, duck and geese. 'Here it is,' we said. 'It's beautiful, it's natural, it's available and nobody's taking advantage of it.' "

The back of Sixth Avenue's menu provides a detailed description of classic American cuisine beginning with the American Indian, through the Civil War, the great immigration of the early 1900s and ending with the westward movement to California. The inside of the menu offers Seafood Brochette, which contains halibut from the pacific northwest, shrimp from the Gulf, sea scallops; and Long Island Blue Point Oysters, as well as Gethsemane Chicken, which is fresh, boneless chicken breast stuffed with Kentucky country ham and Gethsemane cheese — a cheese made in a Kentucky monastery and not produced anywhere else in the world.

Mid-America in New York City. . .

Andrew and Matthew Silverman operate an American regional cuisine restaurant on Third Avenue in New York City called "Cincinnati." A lot of thought went into naming the restaurant. Cincinnati lays claim to the classification of the all-American city. Ohio is the heartland of the United States. "Pete Rose, apple pie, Cincinnati — get the picture?" Andrew Silverman asked. The total picture of the restaurant is one of simplistic, contemporary American beauty. The Silverman brothers built it themselves. It was put together by the designers of the famed New York disco, Studio 54, and all of their artwork was done by Carl Mann. Much of the furnishings — like banquettes which came from an old church in Greensboro, NC, and an 1,800-pound oak icebox made in Philadelphia but tracked down in Colorado — were picked up in their cross-country search for pieces of authentic Americana.

Trained under Ferdinand Metz at the 1976 Culinary Olympics in Germany, Andrew Silverman predicts that hot and cold salads are going to be very popular in the future. When he talks about Cincinnati's Creole Salad Saute, made with cold greens, hot saute topping, medley of vegetables that includes onions, tomatoes and peppers served with a house dressing of Creole mustard and buttermilk, one suddenly gets very hungry.

Picture postcard menus. . .

Bill Maxwell, regional manager of Stouffer's One Nation, Columbus, OH, divided this American regional cuisine restaurant into five rooms, each with a unique decor. There is a New Orleans room with a southern atmosphere, a southwestern room with a Mexican influence, the Heartlands room which is midwestern country style, a northeastern room reminiscent of any small town in New England and a bar area that is "Californian" in design.

The menu consists of four postcards with photographs of the specialties from each area of the country.

James Miles, vice president and general manager of the hotel and restaurant division of Colonial Williamsburg, VA, operates three taverns specializing in American regional cuisine.

King's Arms existed in the 18th century as it does today. It has been rebuilt on the original foundation.

Christiana Campbell's was one of George Washington and Thomas Jefferson's favorite eating places when meeting in the House of Burgesses in Virginia.

At Josiah Chowning's, guests can be seen playing colonial games, such as loo and putt, nine men's Morris and backgammon, in the garden when weather permits. This is also the place for balladeers and sing-alongs featuring colonial music.

An important consideration for these taverns is historical authenticity. Miles is not only interested in high-quality American food but also in interpreting and recreating the 18th century for today's America. Everything that is 20th century, including lights and electrical outlets, are hidden to help create the ambiance of 18th-century America.

Irv Chacker and Gerry Poplar co-own a restaurant in Philadelphia, PA, called October. This name was inspired by the bounty of the harvest season.

October offers 14 different entrees that are printed on 5½ by 6½ inch cards and presented to the guests in a leather pouch.

The first card sets the tone of the historic value of American cookery and the philosophy of the restaurant itself — a dining place that will allow you to taste a variety of recipes selected from around the country. . .all true to our heritage.

Two of October's entrees are described in this way

Lobster Savannah — contrary to its name, this delicacy was invented by coastal New Englanders around 1875. Prepared by removing the lobster from its shell and combining it with mushrooms, green pepper, pimento and cognac. It's topped with cheese and breadcrumbs, broiled to a golden brown and served in its own shell

Sweetbreads Bellevue — this exquisite blend of sweetbreads in cream, Parmesan cheese and mushrooms originated in 1902 at Philadelphia's Stratford Hotel, later known as the Bellevue-Stratford.

Chacker says that the cards are a great success. "We are constantly changing and adding to our menu, according to the seasons and customer requests. The card method simplifies these changes." Guests like them too. "When people are on their first date, it's a good icebreaker. If there is a group of people, the cards are passed around like flash cards, and it's a fun experience. If anyone asks for the recipe, we give it to them," explained Chacker.

Experts agree on several points...

Research your menu. Chacker and Poplar spent a year and a half researching American food before they opened the doors of October. (NRA's Educational Materials Center has several books available in limited quantities to help you with your research.)

Use domestic wines. Andrew Silverman of Cincinnati summed it up by saying, "I bought my last bottle of European wine." Silverman explained that 85 percent of his wines come from California. The rest are varieties from New York, Washington state and Oregon.

Meet the contemporary trends of the people. Use fresh and natural ingredients. This may be one of your biggest challenges but our country supplies us the means to do that. The rewards of the result make it all worthwhile.

Consider the presentation of food. Bring a covered plate to the table, lift the lid and let the aroma take effect. The smell of food is too valuable a commodity to waste. The American population spent over $2.8 billion on fragrances last year for good reason.

Be innovative. According to Sixth Avenue's Michael Grisanti, "American regional cuisine is a newborn — an infant. It's really exciting for us to be a part of its future. Right now, Chinese, Italian and French are the three classic cuisines. We think that in the next decade or two, if properly focused on and developed, American cuisine will also become a classic." American people are innovative by heritage. Our heritage can almost guarantee the success of the enterprise if we remember the basics of good cuisine.

Authenticity is really the name of the game. Keep it as genuinely American as possible. American regional cuisine should never be considered a fad. This is our heritage and it should be presented and displayed with pride. Don't let a bottle of popular French sparkling water spoil your credibility when California waters are readily available.

According to Ferdinand Metz, "The biggest downfall of the concept would come about if restaurateurs were to falsify — take a regular beef stew and call it Plymouth Rock stew, for example." Metz explains that we in the United States are fortunate enough to be able to draw on any ethnic cuisine in the whole world. "America is still the melting pot," proclaimed Metz. "For example, we can use the stir-frying techniques of Oriental cuisine. A large portion of the American population is Oriental. It doesn't mean that we will prepare Oriental food necessarily, but we may well serve a stir-fried vegetable with Long Island duck. Regional cuisine of America has always been there, but it has not been developed. We have been enamoured by French and classical cuisine for too long. Directing our attention to these dishes opens up a whole new world of recognition and excitement."

Restaurateurs wishing to know more about innovations in American regional cuisine can attend a fund-raising symposium Mar. 7–9, 1982, at Michael Grisanti's Sixth Avenue in Louisville, KY. Ferdinand Metz will be on hand along with some innovative American cuisine chefs to create dishes and conduct seminars. The purpose of this fund-raiser is to identify what American regional cuisine is for the food editor and food critic. Benefits will go to the Culinary Institute of America.

Bibliography of American regional cuisine

The American Regional Cuisine (Nancy and Arthur Hawkins) is a nostalgic, culinary travelog to American cookery. A basic and substantial treasury of over 800 recipes of soups, salads, desserts, beverages, breads, meats, fish, vegetables and pasta dishes, representing each region of the U.S., with a history lesson included with each recipe. $10.95

American Gastronomy: An Illustrated Portfolio of Recipes and Culinary History (Louis Szathmary) The author has researched American foods, methods, eating habits, famous chefs, cooks, restaurants and dishes to create a book that defines and explains American cookery. Its illustrations of over 90 etchings, woodcuts, prints and photographs offer a fascinating look into the kitchens and dining rooms of yesteryear. The recipes have been selected and adapted from cookbooks known only to American history buffs. $10

The American Quantity Cookbook: Tracing Our Food Tradition (Jane Young Wallace) An authoritative collection of recipes that are the basis of American quantity cuisine, together with information as to how and where the foods are being effectively presented today. This book is designed to serve in the years ahead as a continuing reference to American food traditions and recipes. Beautifully illustrated. $16.95

Simplified Quantity Regional Recipes (Mabel Cavaiani, Muriel Urbashich and Frances Nielsen) Recipes in this book are suitable for nursing/convalescent homes, hospitals, cafeterias, schools, restaurants and others wanting recipes for wholesome, nutritious, attractive and generally economical dishes. Recipes have been simplified as much as possible for cooks without much formal education in food preparation. Basic simple equipment is used, and terms and measures are spelled out. Dietary information is included with each recipe for the convenience of those users who need dietary information and do not have a dietitian available at all times. $18.95

All of the books mentioned above are available in limited quantity from NRA's Educational Materials Center in Washington, DC.

NRA Convention Chairman Ted Balestreri (left) discusses the German food show with Peter Schmidt (middle), chairman of Canada's Host-ex Show and NRA Treasurer John Dankos.

THE BOARD ROOM

NRA board members review German foodservice show

NRA Treasurer John G. Dankos and Convention Chairman Ted Balestreri represented the National Restaurant Association at ANUGA — the World Food Market Show held in Cologne, Germany, Oct. 10–15. NRA coordinated the U.S. pavilion exhibit in cooperation with the German-American Chamber of Commerce. Fifteen American companies, in addition to NRA, participated in the food show.

Dankos, impressed by the size and scope of the German show, explained that, unlike the NRA show, ANUGA spans the dimensions of the entire retail and wholesale food operations, including exhibits for supermarkets as well as restaurateurs. "The size of the show was staggering. There was so much to see, learn and experience," Dankos stated.

"As a result of our visit to ANUGA, we hope to see increased international participation at the NRA convention," Dankos added. "This type of exposure helps us generate ideas and identify new opportunities." Applications for exhibit space for the 1982 Show are coming in from Germany, The Netherlands and Japan. France, Australia, Italy and Canada have already contracted for stands.

Balestreri called ANUGA a "thrilling, exciting and very professional" show. Particularly noteworthy was the extensive variety of specialty foods, china, silver and wines.

"The emphasis the Europeans put on wine and beverage products is something I'd like to see at the NRA Show," he said. "I spoke with many people who were interested in this area and am hoping to see more representation of wine products at our '82 Show."

Balestreri was also pleased with the enthusiastic response received from foreign exhibitors and show-goers. "They were anxious to learn about our convention and we expect many to attend next year."

Bradford speaks out on beef grading changes

NRA President Robert E. Bradford speaking to the Oregon Catlemen's Association in November regarding the proposed changes to the U.S. Department of Agriculture's (USDA) beef-grading standards, stated, "Proposals to downgrade the current beef grading system would make it difficult or impossible for restaurateurs to obtain the quality of beef at the quantity needed."

NRA, along with various consumer groups, is opposed to the cattlemen's petition because it will move lower quality beef up into Choice and Prime categories.

"If USDA proposes changes similar to those suggested by the cattlemen and changes are approved, restaurants will no longer be able to depend on the USDA grading system to indicate consistently tender, flavorful and juicy beef," Bradford stated.

Turn problems into opportunity, Conti tells IFEC

Speaking to the International Foodservice Editors Conference (IFEC) in late October, NRA Chairman Walter Conti described the industry's future as incredibly exciting. "The opportunities are amazing," he said.

Conti listed energy costs and human resources as the greatest problems facing the industry — problems which can be turned into opportunities, he said. He also mentioned strong trends toward American regional cuisine, lighter fare and concern about nutrition. (See Bill of Fare this month.)

"We will always be a people industry," he said in reference to the human resource challenge. "We offer dignified work to skilled and unskilled employees. We offer advancement for those who work hard. But we need help in changing the negative image of foodservice jobs and making people aware of the wide career opportunities in our industry."

"We have a proud record," Conti told the conference. "We employ eight million people. Sixty-six percent are women, and 24 percent are teens. Working together, these people will do $125 billion in sales this year and account for five percent of the gross national product."

IFEC, which celebrates its 25th anniversary this year, is an educational association of foodservice editors, publicists and associations.

THE LAW

Industrial revenue bonds may be viable capital source for restaurant operators

Foodservice companies may be eligible for low-interest capital for development.

Industrial revenue bonds (IRBs), issued by states and local governments to finance schools, sewers and water systems, roads, etc., are also available for other business developments in some states.

IRBs provide capital at comparatively low interest rates because the interest paid on them is exempt from federal and state (in the state where they are issued) taxes.

NRA is currently fighting legislation on Capitol Hill which would severely limit the use of IRBs. Opponents of IRBs believe that the bonds are a significant tax drain, force up the price on regular municipal bonds and provide cheap financing for business projects that would be undertaken anyway.

NRA, along with other supporters of the present system, argues that IRBs are a significant help to creation and expansion of small business. Businesses created or enlarged through the use of IRBs increase the tax base and tax income in far greater amounts than the tax losses suffered by their use.

The industrial development bond was born back in the 1930s when state and local governments began issuing bonds to finance industrial and business development in their jurisdictions. In 1968, when sales of these bonds had reached $1.8 billion, the U.S. Treasury ruled they were no longer tax exempt. The same year, Congress stepped in and passed legislation designed to limit the size and volume of these bond issues. In effect, the law was changed to provide that interest on industrial revenue bonds would not be tax-exempt unless the proceeds were used for "exempt activities" or "small issues."

It is impossible to give any general information on the types of business developments or activities which can obtain IRBs. Individual states each have their own requirements and limitations on the issuance of small issue industrial revenue or development bonds. In some jurisdictions, the revenue can be used only for projects in economically distressed areas or for businesses and industries in serious economic decline. In other states, the revenues may be used only for manufacturing or other industrial development projects, or for firms whose financial condition meets certain prescribed standards. Only three states do not have small issue revenue bond programs — Hawaii, Idaho and Washington.

Whether there is an opportunity for a foodservice company to participate in projects financed by these bonds in a particular state or locality can be determined only by inquiry in that state. There is no comprehensive tabulation of the restrictions and limitations for all jurisdictions. To find out what authority controls the issuance of these bonds in your area of interest, inquiries can be made to the Industrial Development Board, Industrial Development Authority, or Development Finance Authority of your state or local government, the governor of the state or the state restaurant association.

1981 tax bill allows special depreciation benefits

One section of the recently passed Economic Recovery Tax Act of 1981 provides for a new accelerated cost recovery system (ACRS). This system, which will take effect as of 1982, represents a substantial change in tax accounting for capital expenditures. ACRS essentially replaces the useful-life depreciation rules that have evolved over the last century or so. These complex depreciation rules have become outmoded as persistent inflation has reduced the effectiveness of the depreciation allowance to recover the actual cost of capital expenditures.

ACRS reduces the impact of inflation by significantly accelerating recovery of capital expenditures. This is done in two ways

- by eliminating the useful-life concept and replacing it with a shorter (audit proof) recovery period and
- by allowing more cost recovery in the earlier years of the recovery period, i.e., accelerated recovery.

To qualify for recovery deductions under ACRS, capital expenditures must be for "recovery property." Recovery property is any depreciable, tangible property used in a business or held for the production of income. ACRS applies only to recovery property placed in service by the taxpayer during or after 1981.

FICA tax increase

For 1982, the maximum wage base for social security tax rises from $29,700 to $32,400. The tax rate imposed on both employers and employees is increased from 6.65 to 6.7 percent. The tax rate imposed on self-employed increases from 9.3 to 9.35 percent. The maximum FICA for 1982 is $2,171 for employees and employers. This is a $196 increase over 1981. Maximum for self-employed persons is $3,029—an increase of $267 over 1981.

STATE DEPARTMENT

Proposed legislation threatens shrimp sales nationwide

The astute political observer realizes that federal legislative activity is not confined to the committee hearing rooms and marbled halls of Congress. When a congressman is in his home district talking to his constituents, it is these people back home that really help him decide what legislation is worth fighting for or fighting against.

Such was the case earlier this fall when Jim Funk, executive vice president of the Louisiana Restaurant Association, submitted testimony during field hearings to Louisiana Rep. John B. Breaux (D-LA), chairman of the House Fisheries, Wildlife, Conservation and Environment Subcommittee, in New Orleans on legislation limiting importation of shrimp.

Field hearings are usually scheduled by committees or subcommittees to get the perspective on a particular legislative proposal from individuals outside Washington, DC. Literally, congressmen are taking government to the people.

Aware of the potential importance of these hearings, NRA and the state restaurant associations keep up-to-date on all scheduled hearings.

Noting that 47 percent of the shrimp consumed in the United States is imported, the National Restaurant Association has been vitally interested in Rep. Breaux's bill (H.R. 4041) — the "American Shrimp Industry Development Act." This legislation, if enacted, would raise the price of shrimp substantially. It calls for placing a 50-year quota on shrimp imports, assessing a 30 percent value-added tax on imports and subsidizing marketing and research for certain sectors of the domestic shrimp industry.

When Rep. Breaux announced his field hearing on H.R. 4041 in New Orleans, NRA realized that this was not an appropriate forum for a Washington, DC-based association to testify. Consequently, Funk and the Louisiana Restaurant Association (LRA) were alerted, and testimony was cooperatively drafted between LRA and NRA.

Foodservice industry sells 75 percent of shrimp consumed in the U.S. . . .

Funk prepared his remarks on behalf of the industry but with a local orientation. He statistically stressed the importance of shrimp to restaurateurs nationwide. In his testimony, he cited figures from the U.S. Department of Commerce, noting, "The foodservice industry is estimated to sell 75 percent of all shrimp consumed in the United States annually."

Explaining the financial consequences to both the consumer and the shrimp producer, Funk testified, "Economic analysis indicates that for every four percent rise in shrimp prices, there is a one percent decline in consumption. This bill, if enacted, could raise wholesale prices for shrimp by $320 million in the first year, or a possible $240 million for foodservice alone. This could lead to an estimated seven percent decline in shrimp consumption."

After emphasizing the obvious elasticity of demand for shrimp, Funk concluded, "No matter what the causes of distress to shrimp harvesters may be — high fuel costs, decline in catch per vessel, foreign subsidies, leveling of domestic catch, or production costs — no one will be served if sales decline and shrimp becomes a luxury item."

Following LRA's testimony in New Orleans, Robert E. Bradford, NRA president, explained, "This is yet another example of how state restaurant associations are of tremendous value to the industry's efforts on federal issues. The activities of Jim Funk and the Louisiana Restaurant Association in New Orleans on the shrimp issue are something that NRA could not have done. Politically speaking, Louisiana is not NRA turf, but it is home for Funk and the LRA."

Underlining the necessity of state association participation, Funk reflects on his testimony in New Orleans as "a great example of NRA and a state association working together on an issue of industrywide concern." The continued participation of state associations in local hearings and lobbying is vital to the success of NRA in Washington. According to Funk, the relationship between NRA and the Louisiana Restaurant Association should set an example to other state associations for the importance of working together. "I feel that this cooperative spirit must be continued with all state associations nationwide."

Jim Funk, (right) executive vice president of the Louisiana Restaurant Association, reviews proposed shrimp importation legislation with Rep. John Breaux (D-LA) during field hearings in New Orleans.

NRA
TV
TODAY

SHOWTIME

NRA-TV today! To debut at '82 Show

At the 1982 convention in May, the National Restaurant Association will produce a daily TV news show. "NRA-TV Today!" will be connected by cable to the more than 14,000 TV sets of show participants in 18 major Chicago Loop hotels. The programming will provide exhibitors with an effective merchandising tool designed to target prime prospects. It will also entertain and educate conventioneers.

Ted Balestreri, NRA convention chairman, explained he believes "in doing all that can possibly be done for the benefit of the more than 81,000 folks who attend and exhibit at the world's biggest and best foodservice/lodging exposition." The idea of such a TV presentation is not new. But the spontaneity and news format are. The hotel TV programs will be produced by the NRA Show management team responsible for the convention itself, and not by outside groups. That, too, is a new approach.

There will be three programs, each one broadcast over two days and each one repeated four times during the allotted time span. The first program will debut on Saturday afternoon, May 22, at 4:00 p.m. and will run until 8:00 p.m. that evening. The same program will be rerun Sunday morning from 7:00 a.m. until 11:00 a.m. and will feature news and information about the Show, its exhibitors and the various special events and happenings which make the NRA Show such an exciting and important event in the world of hospitality.

The second program will be aired on Sunday afternoon from 4:00 p.m. to 7:00 p.m. and again on Monday morning, May 24, from 7:00 a.m. until 10:00 a.m. The same pattern will be repeated for show number three on Monday afternoon and Tuesday morning.

"NRA-TV Today!" will be hosted by three top-flight anchor persons, each with impressive television credentials on both national and regional programs. Their task will be to blend together all the ingredients and report the activities of the NRA Show as they occur in the form of short, colorful news features and editorials. In addition, participating exhibitors will provide facts about their products, companies and, in many instances, demonstrate how their goods and services benefit the foodservice and lodging fields.

The association itself will receive valuable exposure during the programs. NRA membership benefits will be dramatized effectively, and interviews with NRA directors and members will provide testimony designed to acquaint the hospitality world with the far-reaching aims and accomplishments of NRA at all levels affecting the industry.

The 18 hotels presently scheduled to run "NRA-TV Today!" include the Conrad Hilton, the Palmer House, the two Ambassadors, the Drake, Marriott, Hyatt Regency Chicago, the three major Loop area Holiday Inns, Executive House, the Knickerbocker, the Sheraton Plaza, the Blackstone and the Americana Congress. In addition, the McCormick Inn will participate. Other hotels may be added if their facilities can accommodate the cable system.

Balestreri believes exhibitors will be quick to seize upon what may well be a truly golden opportunity to merchandise their participation in the NRA Show. The fact that "NRA-TV Today!" offers both early-morning and late-afternoon viewing opportunities means that prospects can dwell on both planning their allocation of time as they visit the NRA Show and reviewing what they have seen in a leisurely and restful manner in the comfort of their hotel rooms. The reinforcement of the already tangible and profitable benefits of exhibiting in the NRA Show can only aid exhibitors in getting their product stories across in detail.

Plan to include "NRA-TV Today!" in your convention schedule as you attend the Show in May. It will provide you with a new focus and viewpoint on the industry's Show of shows. It will fill you in on happenings, programs and activities you may not be able to enjoy in full due to limited time or specific priorities.

Mornings at 7 and afternoons at 4. . . "NRA-TV Today!" will help to make the 63rd Annual NRA Restaurant, Hotel/Motel Show an event you'll long remember, as well as one which may steer you on the way to greater foodservice profits and productivity.

EDUCATION

NRA conference discusses trends in food supply

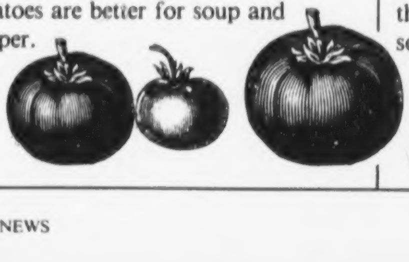
Food purchasers from fast food and hotel chains, operators who buy for their own restaurants, novice purchasers for institutional feeders and the 30-year veterans — they all gathered in Chicago's Hotel Knickerbocker to discuss quantity, quality and availability of food. One hundred thirty-seven men and women from 38 states and Canada showed up to hear the experts and exchange ideas.

Topics ranged from the philosophy of purchasing to future trends in meat, seafood, processed foods and fresh produce. Speakers dwelt on technical innovations which are broadening the scope of available products.

In her keynote address, Jane Wallace, editor-in-chief of *Restaurants and Institutions,* emphasized the importance of the purchasing function. "Marketing used to be the glamor area in foodservice," she said. "But now the whole philosophy of expansion has changed. The key question is not how many units you have, but what is the bottom line — what kind of return on investment do you have?" As a result, purchasers assume new importance. The money they save is added directly to the bottom line.

Lendal Kotschevar, author of the classic text *Quantity Food Purchasing,* stressed the inter-relationship of functions. "Purchasing is a management function which must be coordinated with everything the organization does," he told the audience.

"The purchaser looks for a product which suits production needs," Kotschevar said. Fancy tomatoes may be the best, but they have to be broken down in the stockpot. "C" grade tomatoes are better for soup and cheaper.



Americans are beef eaters, and restaurateurs like to serve and promote quality beef. But with Prime and even high-grade Choice becoming hard to find, the future of beef sales hangs in the balance. According to David Stroud, former president of the National Livestock and Meat Board, the cattle industry is still experiencing bad times. Beef production has continued to fall off, consumption is down and general economic conditions are wiping out margins. (See Washington Report this month.)

On the positive side, Stroud said, are technical innovations which could reduce the cost of processing meat and open up a new variety of menu items. John Francis, director of merchandising, National Livestock and Meat Board, agreed that new meat technology will make a difference.

Future trends in meat . . .

Restructured meat products, particularly "chunked and formed" meats, may have a place on your menu, Francis told the conference. Formed out of long strands of shoulder, restructured meats mimic the texture and consistency of real muscle. "Technology has advanced," said Francis. "Don't prejudice your view of these new products."

Meanwhile the trend toward seafood continues to grow. Lee Weddig, executive vice president of the National Fisheries Institute, told the conference that availability of fish products continues to improve. The production of the U.S. fishing fleet has increased by more than one billion pounds, or 33 percent, since 1976. At the same time, Weddig said, the nation remains the number two importer of fish and seafood.

Weddig indicated that the largest dollar value at the moment is shrimp. The 1981 production in the Gulf of Mexico was exceptionally good, and the supply situation is excellent. Similarly, salmon is again abundant. About 613 million pounds were caught in 1980, a considerable improvement over the five-year average of 357 million pounds.

Some see bigger role for processed foods . . .

Since foodservice remains labor intensive and salaries increase regularly, any labor that can be shifted from employees to others will boost productivity. That is the rationale behind greater use of processed foods in restaurants.

"The variety of processed foods designed for foodservice is growing rapidly," said Pierce Hollingsworth, editor of *Prepared Foods* magazine. Processors have been watching the trends carefully. During the last decade, they have doubled the number of Italian and Mexican dishes and almost doubled the size of Oriental lines.

But the convenience of prepared food still must overcome the popular desire for "fresh." The availability, variety and sales of fresh produce continue to grow. Movement of fresh fruits and vegetables to restaurants is up 20 percent over last year at this time, reported Art Alexandria, director of sales for Pedi Brothers, Inc., a large Chicago purveyor. People are trying all kinds of exotic produce from Kiwi fruit to papaya.

"This conference was a remarkable success," said NRA President Robert E. Bradford. "The 'national conference' is an ideal format for NRA. These large gatherings of specialists who want to hear the latest ideas — often sweeping ideas — from the experts complement our seminar program of small intensive courses. We plan more conferences of this nature in the future."

NRA's National Conference on Human Resources is currently scheduled for June 21-22 in Washington, DC.

NRA SEMINAR SCHEDULE

Bar Management

Jan. 18-20	Dallas, TX
Feb. 8-10	Chicago, IL

Menu Development

Jan. 4	Atlanta, GA
Jan. 6	Miami Beach, FL
Jan. 25	Portland, OR
Jan. 27	Los Angeles, CA
Feb. 1	Minneapolis, MN
Feb. 3	Denver, CO
Feb. 23	Philadelphia, PA
Feb. 25	Washington, DC

Creative Merchandising Techniques

Jan. 11	Milwaukee, WI
Feb. 1	Long Beach, CA

Practical Foodservice Sanitation

Jan. 27	Seattle, WA

Basic Supervision

Jan. 5	Detroit, MI
Jan. 12	Seattle, WA
Feb. 2	Cherry Hill, NJ
Feb. 16	Oklahoma City, OK

Dining Room Management

Jan. 18	Louisville, KY
Feb. 8	Nashville, TN
Feb. 10	Tampa, FL
Feb. 22	Topeka, KS
Feb. 24	St. Louis, MO

Hiring Hourly Employees

Jan. 11	Denver, CO
Jan. 26	Ann Arbor, MI
Feb. 8	Boston, MA
Feb. 22	Portland, OR

Kitchen Management

Feb. 11	Cleveland, OH
Feb. 25	San Francisco, CA

Performance Review

Jan. 12	Denver, CO
Jan. 27	Ann Arbor, MI
Feb. 9	Boston, MA
Feb. 23	Portland, OR

Train the Trainer

Feb. 16	Chicago, IL

Computers

Jan. 25	San Francisco, CA

Controlling Beverage Cost

Jan. 11	Rochester, NY
Jan. 13	Pittsburgh, PA
Jan. 25	Portland, ME
Jan. 27	Newark, NJ
Feb. 1	Richmond, VA
Feb. 3	Atlanta, GA
Feb. 16	Cincinnati, OH
Feb. 18	Toledo, OH

Controlling Food Cost

Jan. 5	Baltimore, MD
Jan. 7	Richmond, VA
Jan. 18	Atlanta, GA
Jan. 20	Jackson, MS
Feb. 15	Spokane, WA
Feb. 16	Seattle, WA
Feb. 18	San Francisco, CA
Feb. 22	San Diego, CA
Feb. 24	Tucson, AZ

Controlling Labor Cost

Jan. 11	Reno, NV
Jan. 13	Seattle, WA
Feb. 22	Hartford, CT
Feb. 24	Syracuse, NY

Food & Beverage Operations Auditing

Jan. 7	Miami Beach, FL

Practical Accounting for Foodservice Managers

Jan. 21	Kansas City, MO

Super Salads

Jan. 26	San Francisco, CA
Jan. 28	Los Angeles, CA
Feb. 11	Milwaukee, WI
Feb. 18	Dallas, TX

Improving Food Production Methods

Jan. 14	Cincinnati, OH
Jan. 21	Chicago, IL
Feb. 4	Atlanta, GA
Feb. 18	Williamsburg, VA

Practical Meat Workshop

Jan. 28	Boston, MA
Feb. 4	Baltimore, MD

Fish & Seafood

Jan. 5	Cambridge, MA
Jan. 7	Cherry Hill, NJ
Jan. 21	San Antonio, TX
Feb. 10	New Orleans, LA

Soups & Sauces Workshop

Feb. 4	Indianapolis, IN
Feb. 15	Portsmouth, NH
Feb. 17	Newark, NJ

Simplified Baking Workshop

Feb. 17	Chicago, IL

How to Negotiate & Finance a New Operation

Jan. 5-6	Houston, TX

Real Estate & Site Selection

Feb. 2-3	Newport Beach, CA

Restaurant Design & Facilities Planning

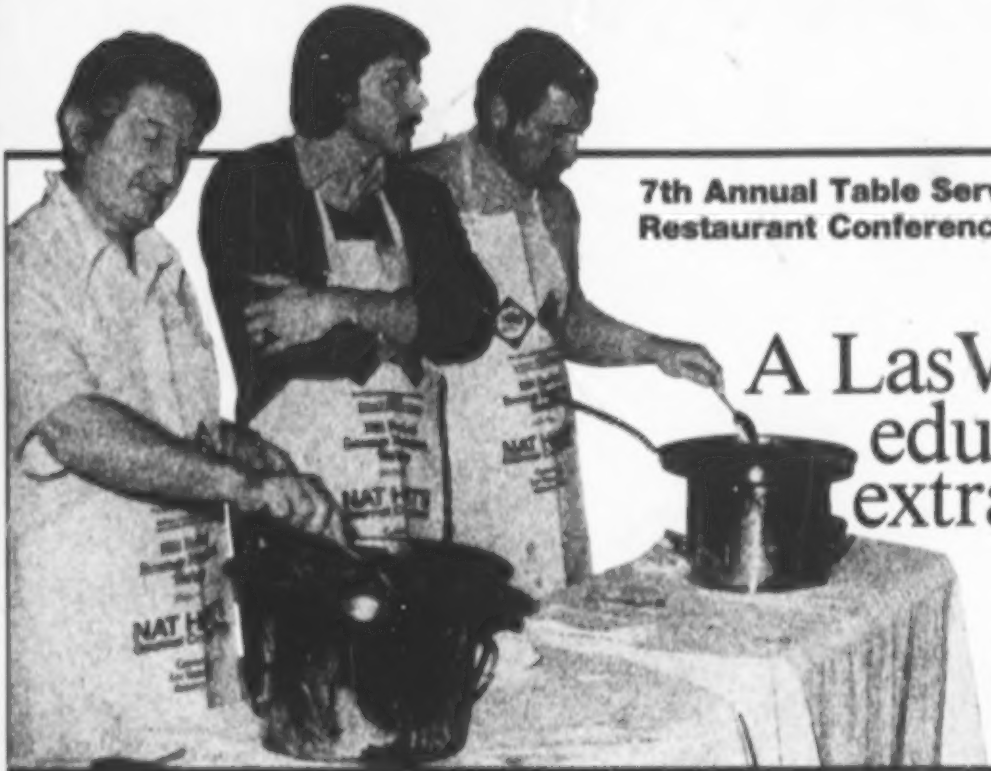
Feb. 8-9	Houston, TX

Special Conferences

7th Annual NRA/UNLV Table Service Restaurant Conference, Feb. 1-3, Las Vegas, NV

Management Update '82, Apr. 17-24, Honolulu, HI

For more information, contact registration secretary
Seminar Department
NRA Chicago office, (312) 787-2525



7th Annual Table Service Restaurant Conference

A LasVegas educational extravaganza!

Feb. 1–3, 1982
MGM Grand Hotel
Las Vegas, NV

"Insights on Increasing Sales"
Monday, February 1

Table Service Restaurants — Trends and Issues
Jeanette Riechers, editor of *Food Service Marketing* magazine, starts with the conference kick-off.

Table Tops, Today and Tomorrow
A special look at the latest trends in table top design, including award winners.

Menu Design to Up Your Sales
The latest techniques and concepts for a menu that works.

How to Put on a Spectacular Buffet
Watch the MGM Grand staff set it up. Then hear the chef's inside story as you feast your eyes and your palate.

New Foundations of Food and Beverage Merchandising
In-sights plus, with Vance Christian, professor of Restaurant Management, Cornell University's School of Hotel Administration and well-known innovator and new-concept developer.

"Ideas! Ideas! Ideas!"
Tuesday, February 2

Cost Control Clinic, featuring 400 ways to save on food, labor, beverage and energy
We've asked four experts to come up with 100 ways to control costs in their area of specialty. You'll receive all 400 ideas and also have the chance to attend in-depth briefing/idea exchanges in the two areas that concern you most. This event is a conference exclusive.

Renaissance Feast
The MGM staff recreates the atmosphere and cuisine of fifteenth-century Europe for a classic experience in theme dining.

The Great Recipe Idea Exchange and Cooking Demonstration
Join Muriel Stevens, host of the popular TV cooking program, in her demonstration kitchen as she prepares some all-star recipes from Las Vegas establishments for you to sample.

"Money — How to Make It and Borrow It!"
Wednesday, February 3

Selling More Wine
The coming trends in wine — what's going to sell and how you can sell more of it with updated wine lists, merchandising and more.

Banking on Beer
It's coming back in. Learn how to make the most of this high profit-potential item.

Picnic Party
The MGM Grand brings the outside inside for an unusual luncheon that's sure to spark your imagination!

How to Negotiate for Money: Insider's Tips with Somers H. White
His successes are legendary and his techniques work, even in today's tight and expensive money market. Learn how you can negotiate like a pro to get a "yes" instead of a "no."

Your attendance at this conference is tax-deductible
An income tax deduction is allowed for educational expenses incurred to maintain or improve skills required by an individual in his employment or business. Educational expenses include tuition, books, local transportation and travel, meals and lodging while away from home when the trip is primarily to obtain education (Treasury Regulation 1.162-5).

Is your address correct?

Your mailing label serves as your official membership listing within all NRA departments. If your label is incorrect, please refer to your membership number, make the proper change and send corrections to Eloise Bailey, NRA Membership Dept., 311 First St., N.W., Washington, DC 20001.

NRA NEWS
National Restaurant Association
Vol. 2 ☐ No. 1 ☐ January 1982

/ A8200-1
1/28/82
(Earlier issues rec'd for A/812)

$MALL BUSINESS

America's Biggest Asset

Small business and NRA

This fourth issue of the National Restaurant Association's combined publication is dedicated to small business. Someone not two blocks from you has recently opened a new business. Through hard work and good sense, he or she will build a successful operation which will become one of the reliable and respected institutions in your community. If you are an NRA member, chances are that is your story, too.

About 88 percent of the NRA membership operate small businesses — sales under $2 million per year. Eighty-nine percent run five units or less, and 64 percent operate one unit. These figures should not startle you. We hear a lot about the big foodservice companies. We watch them carefully and learn from them. But when all is said and done, the foodservice industry is largely made up of small businesses.

And so is the American economy. Of the total number of nonfarm businesses in the U.S., 96.7 percent are labeled small businesses by the Small Business Administration (SBA). These businesses account for $7.00 out of every $10 in sales made by retailers and wholesalers and $6.00 out of every $10 earned by service industries. Directly or indirectly they provide a livelihood for over 100 million Americans.

Despite the difficult times, American business is still small business, and small businesses make up our greatness. Esteem for the independent businessman and woman is part of our cultural heritage. We believe in a free competitive system, which allows individuals with the energy, intelligence and skill to be their own employers and build their own success.

NRA is committed to protecting and nurturing this tradition. Through its publications, the research department supplies the facts and figures you need to plan the growth of your business. Its education department presents the seminars and conferences which train you and your employees to function more effectively and efficiently. Its public affairs program works with government to create the kind of economic environment in which business can prosper.

I urge you to participate in and then read NRA studies and surveys, to attend the association's seminars and conferences and to play an active role in its grassroots political program. These are the programs which help small business grow and prosper.

Sincerely,

Jerry Goodwin

Jerry Goodwin
NRA Director

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
President
Robert E. Bradford
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Director of Publications and Editor
Steven J. Dahllof
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Sections Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Joan E. Campbell
Gayle L. Christensen
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
Elaine A. Raffel
James T. Rogers
John R. Rolfs
Rachel A. Zachary

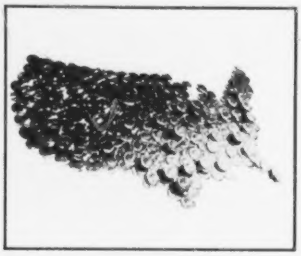
Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600, Chicago, IL 60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright © NRA 1982, all rights reserved. Postmaster, send address change to *NRA News*, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Special



This issue highlights the important role small business plays in our industry as well as in the entire American economy. Special articles in each department of this month's *NRA News* are specifically geared to inform small operators about legislative, regulatory, industry and economic issues which will affect business decisions during the year ahead. Monthly sections also focus on some simple ways for small restaurateurs to "jazz up" their menus and easy methods of finding the industry facts and figures they need.

4 Small business, America's biggest asset — A review of the positive and negative effects of Reagan Administration policies on small business.

16 Alternative financing in a tight money market — Where to turn when the bank says no.

Departments

Washington Report	**6**	Controversy arises between the restaurant industry and the U.S. cattlemen regarding proposed changes to the USDA meat grading standards.
	8	Child labor regulations affecting the restaurant industry are under review by the Department of Labor. President postpones decontrol of natural gas.
	9	NRA member convinces congresswoman to change position on potentially dangerous malt beverage bill.
	11	NRA interview with Small Business Administration's Chief Counsel for Advocacy Frank S. Swain.
The Board Room	**13**	NRA Chairman Walter Conti addresses students and faculty of University of San Francisco's new Department of Hospitality Management.
State Department	**14**	NRA holds its first Political Education Committee (PEC) meeting in Atlanta, GA.
The Law	**15**	Legal help for small business. Courts clash on meal credits.
Foodservice Trends	**22**	Eating and drinking place failures increased.
	23	Customer traffic to increase in 1982.
	24	Wholesale prices expected to moderate in 1982.
	27	Per capita food consumption expected to increase in 1982.
	28	Dinner house clientele prove more affluent.
	30	Industry Index.
	31	Index of Foodservice Trends articles.
Public Health and Safety	**38**	Add to profits by saving on energy.
	39	State and local budget cuts may ease inspections for restaurants.
Education	**40**	NRA seminars — A great way to educate your employees.

Sections

Short Orders	**2**	Industry to save $103 million on payroll taxes.
At Your Service	**32**	A wealth of industry information available from NRA's library.
Trendsetters	**33**	How to increase sales through promotions.
Hot off the Press	**36**	Jazz up your menu with a little money and a lot of camera-ready art.

SHORT ORDERS

Labor Department reviews child labor laws

The Department of Labor (DOL) is reviewing present child labor laws which restrict teenagers from working on "hazardous" equipment in restaurant kitchens. Many of the laws which presently apply to teenagers working in restaurants were actually designed for bakeries and meat-packing plants and have little relevance to restaurant kitchens.

NRA is working with DOL to obtain specific exemption for restaurant equipment which has safety devices and poses no real danger to young workers. Details are provided in this month's Washington Report.

New Safety Operations Manual sent to members

All members received the National Restaurant Association's new *Safety Operations Manual* in December. This valuable reference includes sections on security, fire protection, insurance, OSHA and recommended practices during emergencies. Above all, it provides guidance on establishing a safety program in restaurants. Additional copies may be purchased through NRA's Public Health and Safety Department, Suite 2600, One IBM Plaza, Chicago, IL 60611.

Industry to save $103 million on payroll taxes

The Internal Revenue Service (IRS) recently issued a list of procedures which must be followed for employers to obtain refunds and credits for Social Security (FICA) and federal unemployment (FUTA) taxes paid on employees' meals and lodging which are provided for the employers' convenience.

IRS' new procedures were released as a result of the June, Supreme Court decision in *Rowan Company, Inc. vs. U.S.*, which upheld NRA's position that operators should not have to pay FICA and FUTA taxes on meals provided employees whether they are for the employers' convenience or not.

NRA estimates that *Rowan* will save the restaurant operator $103 million in payroll taxes per year and employees another $93 million.

A number of changes requested by NRA are reflected in the final IRS procedure list. NRA President Robert E. Bradford stated that the recommended changes will simplify and speed the claim process, which under existing procedures is cumbersome. In a fall meeting with IRS, NRA requested that claims against future taxes be offered as well as refunds. IRS agreed.

IRS also waived the requirement that operators must track down past employees eligible for refunds under $10. IRS conceded because finding past employees could prove a burdensome and time-consuming obstacle to filing claims under *Rowan*.

The IRS procedures are covered in Revenue Procedure 81-69, released in late December 1981. For more information, contact NRA's legal department in Washington, DC.

MAECO meets this month

The next meeting of NRA's Multi-Unit Architects, Engineers and Construction Officers (MAECO) is scheduled for the Doubletree Inn, Scottsdale, AZ, on Jan. 20–22, 1982. The meeting will feature a visit to the Frank Lloyd Wright Foundation's Taliesin West School of Architecture. Ann Griffith of Host International will chair the session. Contact Andy Poledor at NRA's Chicago office for more meeting and hotel information.

Restaurant failures increase

Restaurant failures in 1980 reached the highest level since 1967. Economists blame the 948 bankruptcies on the recession, combined with double-digit inflation and declining customer counts.

Among all retail failures, eating and drinking place closings ranked thirteenth. Infant and children's wear stores recorded the largest number of closings.

The failure rate among restaurants was 26 per 10,000 in 1980, up from 17 per 10,000 in 1979 and only 14 per 10,000 in 1978. See details in Foodservice Trends.

Customer traffic increases

Customer traffic at U.S. restaurants increased in 1981 for the first time in two years, according to a recent CREST study. Family restaurants benefited most from the additional customer traffic.

Check size grew 9.5 percent in 1981. Menu price hikes, combined with an increase in the number of items ordered and a preference toward more expensive items, are largely responsible for the growth. See Foodservice Trends this month.

American cuisine symposium scheduled for March

The first symposium on American cuisine, sponsored by the Grisanti Organization, will be held at the Hyatt Regency, Louisville, KY, and at one of Michael Grisanti's three restaurants — Sixth Avenue also in Louisville, from Mar. 7–9, 1982. During the days, speaker sessions and cooking demonstrations will be held at the Hyatt. Sixth Avenue will sponsor the evening functions, which include a cocktail party and dinner hosted by Kentucky Governor John Y. Brown and Phyllis George Brown and a dinner created by regional cuisine chefs.

Proceeds of the event will go to the Culinary Institute of America and Johnson and Wales College, Providence, RI. Speakers will include authorities on American cuisine — chefs, critics, writers and outstanding restaurateurs committed to the rediscovery of an authentic American cuisine. (See December 1981, Bill of Fare.)

For more information, contact Phil S. Cooke, Foodservice Associates, 310 West Liberty Street, Louisville, KY 40202, (502) 583-3783.

Food consumption to increase in 1982

The U.S. Department of Agriculture (USDA) predicts per capita food consumption will increase one percent in 1982. USDA bases its predictions on a combination of factors expected to affect the 1982 economy. Most important

- consumer disposable income will rise as a result of federal tax reductions and
- price increases of key food products, including beef, dairy items and fresh vegetables, are expected to moderate this year.

See details in Foodservice Trends.

NRA information service & library's new publication list

The information service and library's continually growing list of publications and reports allows the staff to consult the latest information when members call or write NRA with questions.

New publications

- *Major Forces in the World Economy: Concerns for International Business*, The Conference Board
- *IFMA's 1981 Dynamics of the Chain Restaurant Market*, IFMA
- *1981 Directory of Hotel & Motel Systems*, American Hotel Association Directory Corp.
- *Soup & Salad Bars*, edited by Patricia Moore Kolb
- *Impact of Household Size and Income on Food Spending Patterns*, U.S. Department of Agriculture
- *Bob Parks' Personal Notes on: Let's Open a Restaurant to Maximize Profits*, Hospitality Associates
- *Corporate Directorship Practices: The Nominating Committee and the Director Selection Process*, The Conference Board
- *School Foodservice Market Analysis and Menu Report*, Information Central, Inc.
- *Impact of the CAB Competitive Marketing Case on the Tourism Industry*, Report of the U.S. Congressional Travel and Caucus
- *The Boston University: Cooking by Degrees*, edited by Laura Freid and Terence Janericco
- *Compensation Strategies during an Uncertain Recovery*, The Conference Board
- *Industry Response to Health Risk*, The Conference Board
- *Directory of Industry Data Sources: U.S. & Canada*, edited by William A. Benjamin
- *Encyclopedia of Associations*, edited by Denise Akey, Gale Research Co.
- *Sanitation for Foodservice Workers*, by Treva Richardson
- *Inflation and Financial Markets*, National Bureau of Economic Research
- *Survey of Buying Power — Parts I & II*, Sales & Marketing Management

International wine expo scheduled for April

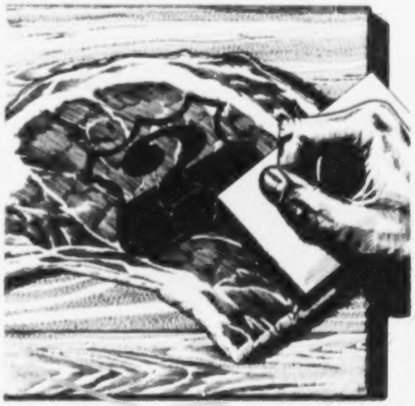
The National Restaurant Association will be one of the sponsors of the 1982 International Wine Expo to be held in Washington, DC, April 23-25. The expo will include wine and cheese tastings, as well as lectures, seminars and cooking demonstrations by industry experts.

Over 25 nations have expressed interest in participating in the event; the U.S. will be represented by vintners from 10 wine-growing states. "This expo will be one of the first truly comprehensive gatherings of wine experts worldwide," stated NRA President Robert E. Bradford.

For more information, see the special feature in next month's *NRA News*.

Controversy on USDA meat grading standards continues

The National Cattlemen's Association (NCA) has proposed changes to the present U.S. Department of Agriculture (USDA) beef-grading standards. NRA Chairman Walter Conti explained that the cattlemen's proposals would make it almost impossible for restaurateurs to continue to depend on USDA standards when ordering beef. "A downgrading of standards will ultimately reduce the amount of meat sold in restaurants," Conti warned cattlemen. For details on NRA's efforts to prevent another revision of the beef-grading standards, see Washington Report this month.



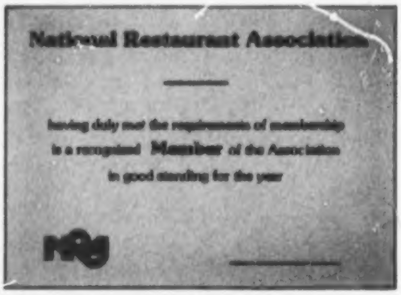
Ray Driver

NRA 1982 membership certificates now available

The National Restaurant Association has contracted with Josten's to supply 1982 NRA membership certificates and plaques for display in your establishment. These may be ordered by completing the form below. The certificate along with your 1982 NRA decal and membership card will identify your operation as a valued member of the National Restaurant Association for 1982.

1982 NRA Membership Certificate

Tan parchment, size 8-1/2" × 11", featuring maroon and black printing with gold engraved heading.



National Restaurant Association

having duly met the requirements of membership

is a recognized Member of the Association

in good standing for the year

Quantity *certificates* desired ____________

Quantity certificate *plaques* desired ____

Name to be inscribed on certificate ______

Enclose check or money order payable to Josten's in the amount of $6.00 for each certificate, or $32 for each certificate plaque, plus state sales tax for your state.

Add $10 per order for orders to be shipped outside of the U.S.

NRA member address:

Name ____________________

Company ____________________

Street ____________________

City ____________ State ________ ZIP ____

Send to: Josten's, Ms. Heija Cain, Josten's Industrial Park, Red Wing, MN 55066

Small business, America's biggest asset

David Kramarsky

"It was the best of times, it was the worst of times." So begins Charles Dickens' *Tale of Two Cities* — and so ended 1981 for most of America's small businesses.

For smaller companies, recent years have been better because the notion that "small is beautiful" is finally gaining the recognition it deserves at the highest policy-making levels of the country. In Washington, in state houses and in city halls, small businesses are making their voices heard and are succeeding in making changes in policy to remove the barriers to continued survival and growth.

At the same time, the very existence of private enterprise is threatened by today's economic conditions that pose a crisis for independent businesses. Very simply, the current high interest rates are killing off smaller companies at record rates. Manufacturing firms, wholesale outfits, retail operations and service businesses are all feeling the sting of a monetary policy designed to cure a particular disease — inflation — regardless of the cost. Official court filings show that business bankruptcies are occurring at a record rate of some 4,000 per month, and this does not even reflect the disappearance of businesses which are debt-free and need no court procedures to close their doors. (See Foodservice Trends' survey this month on restaurant closings.)

It seems ironic that in the midst of an era that has allowed small business to make its greatest gains in terms of recognition and relief, small business also finds itself in worse condition than any time since 1975.

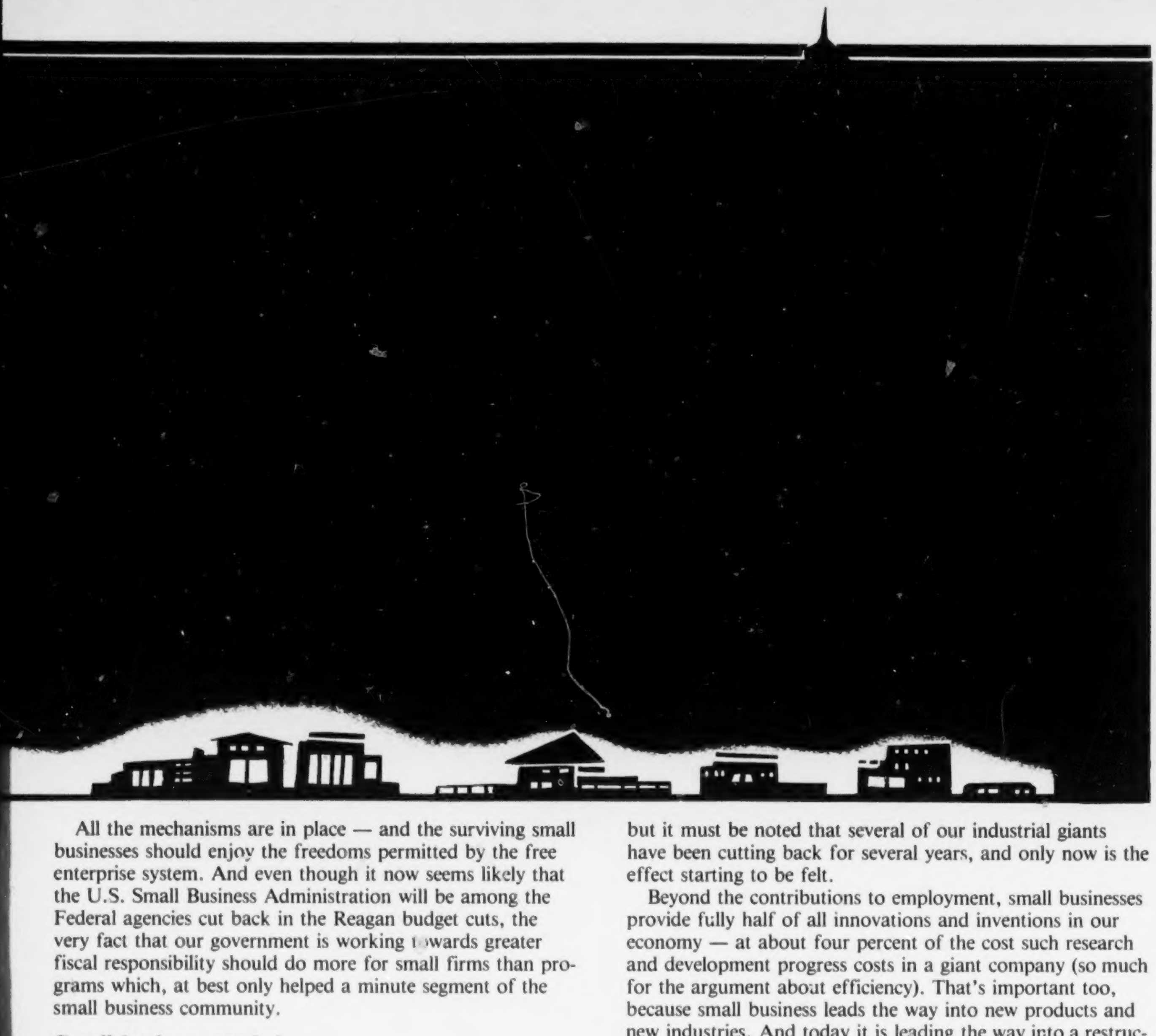
Finally, many small business owners are today frustrated by the creation of new depreciation and capital gains tax structures designed to benefit firms that are both profitable and making new capital investments — a "double whammy" for a restaurant simply trying to keep its doors open and its employees off the unemployment lines. At the same time, 1981 changes in estate tax law and reductions in taxes for individual filers are substantial small business benefits.

Great promise...

If the high cost of capital is the greatest threat to small business, there are other trends which hold great promise. (See this month's interview in Washington Report.) The current political environment promises an accelerated program of regulatory relief. Excessive federal regulations have been a key problem for small businesses over any of the last 20 years. In fact, when Vice President Bush completed the collection of specific complaints in the first work of this administration's Regulatory Council, he noted that the small business contribution should have been more significant, and instructed Commerce Secretary Malcolm Baldrige to set up a "hot line" to receive additional input from small business owners.

During 1980, small business took major steps along this road, when Congress passed the Regulatory Flexibility Act, placing a reduced regulatory burden on smaller firms, and the Equal Access to Justice Act, allowing small businesses to claim legal fees from government agencies which brought "nuisance" suits.

David Kramarsky is director of communications for the National Small Business Association, an association of 55,000 small companies.



All the mechanisms are in place — and the surviving small businesses should enjoy the freedoms permitted by the free enterprise system. And even though it now seems likely that the U.S. Small Business Administration will be among the Federal agencies cut back in the Reagan budget cuts, the very fact that our government is working towards greater fiscal responsibility should do more for small firms than programs which, at best only helped a minute segment of the small business community.

Small business needed...

The successes small business has enjoyed in the arena of public policy have not come about by accident. Over many years, thousands of business owners and their paid representatives have worked to make the point that this country's small businesses must be preserved — not because of a nostalgia for the "good old days," but for sound, practical economic reasons. Small businesses make contributions to the U.S. economy that no other entities can make.

The recent increase in the rate of bankruptcies can be tied directly to the increase in interest rates — that much is clear from the figures. At the same time, another trend is taking hold — unemployment. Since the 14 million small companies in this country employ about 70 percent of the working population and create more than 90 percent of all new jobs, when small businesses start to suffer, the workers dependent on those businesses suffer as well. November's increase in unemployment is not exclusively the result of small business suffering, since many big companies are hurting as well — but it must be noted that several of our industrial giants have been cutting back for several years, and only now is the effect starting to be felt.

Beyond the contributions to employment, small businesses provide fully half of all innovations and inventions in our economy — at about four percent of the cost such research and development progress costs in a giant company (so much for the argument about efficiency). That's important too, because small business leads the way into new products and new industries. And today it is leading the way into a restructured U.S. economy — one that may not be based upon the rule of heavy industry. From computer services to genetic engineering to, yes, restaurant businesses, the American economy is making its greatest productivity gains in the service sector — and the small businesses that form the vanguard of each new industry are leading the way.

A continued effort...

It will take a continued effort to make sure that small businesses are allowed to survive. Some, of course, are not now threatened. But young, small innovative companies are not like larger firms — their needs are different in everything from capital to employment policy to tax structures. That point, repeated often enough, is the single understanding that will enable policy-makers in Washington to plot the course of an economic recovery that ends up leaving the economy as broad-based and strong as the economy that built this country into a world leader in productivity as well as politics.

WASHINGTON REPORT

NRA renews opposition to beef-grading changes

NRA is continuing its efforts to counter a National Cattlemen's Association (NCA) proposal for lowering the U.S. Department of Agriculture's (USDA) beef-grading standards. "The cattlemen should consider our needs since we buy a quarter of their products," said NRA Chairman Walter Conti. "If these proposals are adopted, restaurateurs will find it next to impossible to locate dependably tender and palatable beef."

The cattlemen have asked USDA to change current grading standards by redesignating lower grades of beef into higher grade levels. NRA believes this proposal would lower the quality of beef that is now graded Choice and Prime — grades used extensively by restaurateurs.

"To put our position in a nutshell," NRA President Robert Bradford said, "the restaurateur sees himself as the guardian of beef quality. His guests still want the best in beef, and he wants to provide it. He believes that the cattlemen's proposal will make it difficult, or impossible to obtain the quality of beef in the quantity needed."

USDA has submitted a grade-change proposal to the Office of Management and Budget (OMB) that is said to be similar to the cattlemen's proposal. USDA will publish the proposal in the *Federal Register* once OMB has completed a review of it.

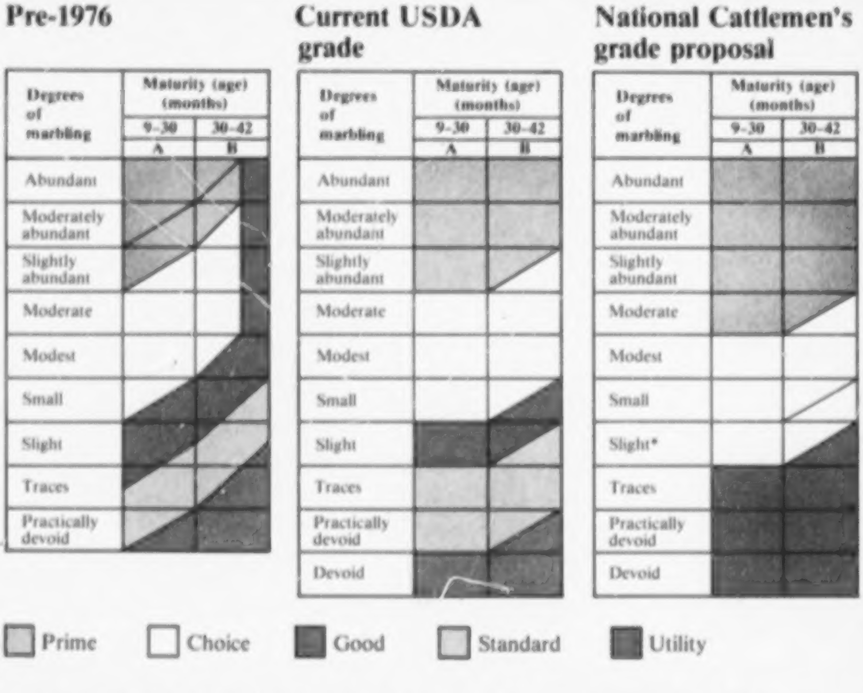
NRA met in November with other concerned trade groups, such as the National Association of Meat Purveyors, to discuss ways of fighting the proposed changes. In earlier meetings with USDA and OMB, NRA has stressed that restaurateurs — who sell about 25 percent of all beef consumed in the U.S. — need high-quality, marbled beef in order to satisfy their customers.

The cattlemen's proposed changes would make it extremely difficult for operators to purchase this kind of beef.

Under the NCA proposal, the Prime grade would be lowered to include some beef that is now designated Choice, and Choice would be expanded to include beef that is now graded Good. Under this proposal, the majority of all USDA-graded beef would qualify as Choice, making this grade nearly meaningless for both operators and consumers.

"The discriminating restaurant patron demands top quality in the beef he is served when eating away from home," said NRA Director Jack Webb. "If the patron does not receive what he expects, he either does not return to the restaurant or he comes back and chooses another type of entree. It is imperative that the USDA grading standards are restored to a useful buying guide."

In an effort to restore consistency to the standards, the NRA Board of Directors voted in May to urge USDA to return to grade designations used prior to 1976. The NRA believes that the pre-1976 designations would allow the foodservice industry to offer its customers better quality beef entrees.



*From a carcass with 0.3 inch backfat over 12th rib, and that has no fat that is more than "slightly yellow."

NRA Chairman Walter Conti (above) is concerned that a revision of the USDA beef grading standards will make the entire system useless to restaurant operators.

In 1976, the USDA lowered its standards to allow leaner beef into the Prime, Choice and Good grades. After this change, many quality steak houses were forced to replace two or three beef entrees with pork or other items to reduce customer complaints of tough, unpalatable beef. With leaner beef in the Prime and Choice categories, restaurateurs could not ensure the palatability of their product.

An NRA survey shows that palatability — tenderness, flavor and juiciness — is directly related to marbling. Thus, the NCA's recent proposal would only compound a problem that began in 1976. The solution, NRA maintains, is to restore the integrity that existed in the standards prior to that year.

Nor does NRA believe that placing leaner beef in the Choice category will help those consumers who are seeking less fatty cuts for dietary reasons. Lean beef should be properly labeled so that customers can identify it.

The NCA proposal also would drive up the cost of Prime and Choice products. NRA research indicates that if the NCA proposal had been in effect in 1979 and 1980, the cost of beef carcasses to users would have been about $200 million more than under the current grading system. Buyers of beef who require fairly narrow grade/quality specification, such as restaurateurs, would be able to rely less on the grading system and would have to rely more on purchasing by personal inspection of carcasses. The costs to such users would be substantial.

History of beef grading

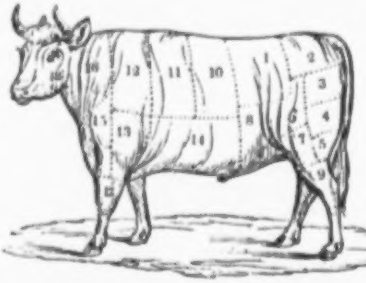
Beef grading standards were originally developed by the U.S. Department of Agriculture (USDA) in 1916 to aid in tracking available quantity and quality. Largely through the efforts of cattle producers, grading was refined and expanded to the point where government grading services were offered to the meat industry on a voluntary, fee-for-service basis. The cattle producers, in urging expanded federal standards, contended that if beef quality could be identified, consumers could buy beef with greater confidence and would, therefore, increase their overall consumption of the product. In effect, the beef grades were established to provide a system through which consumer preferences, as reflected in the marketplace, could be communicated through the marketing chain.

In 1926, marbling — flecks of fat within the lean — was recognized as a major factor in evaluating the quality of beef. In 1939, one of the seven occasions since the mid-1920s when the grading standards were revised, maturity was established as an important additional factor for setting quality standards. These two considerations — marbling and maturity — are still the principal factors in beef grading.

Currently, beef grades are designed to identify differences in characteristics associated with palatability — tenderness, juiciness and flavor — and the yield of retail cuts from the carcass.

Eight grades are currently used to identify differences in quality: Prime, Choice, Good, Standard, Commercial, Utility, Cutter and Canner.

In the last 10 years, the percentage of beef offered for grading has declined from nearly 65 percent of all beef produced to 56 percent. The percentage of beef graded Choice — the largest category — has increased from 79.6 percent to 89 percent during the same period.



Outline of cattlemen's proposed changes

1. To lower the present Prime grade by raising the top marbling band ("moderate" marbling) in Choice into the Prime category.

2. To lower the present Choice grade by moving what is now graded as Good ("slight" marbling) into the Choice category, provided that, a) the carcasses have at least 0.3-inch fat thickness opposite the ribeye muscle at the 12th rib and b) the external fat is no more than "slightly yellow."

3. To lower the present Good grade to include all carcasses now included in the Standard grade ("traces," "practically devoid" and "devoid" marbling), plus all carcasses in the present Good grade which have either, a) less than 0.3-inch fat thickness opposite the ribeye muscle at the 12th rib, and/or b) external fat which is more than "slightly yellow" in color.

4. To consider changes in nomenclature for all C, D and E maturity carcasses (those more than 42 months old) which are primarily intended for manufacturing beef.

Department of Labor reviews child labor rules

The Department of Labor (DOL) is currently reviewing child labor rules pertaining to hazardous equipment usage and restrictions on the number of hours teenagers can work. "NRA is hopeful that changes which result from this DOL study will be advantageous for the foodservice industry and its employees," stated Chairman of NRA's Government Relations Committee Joe Lee.

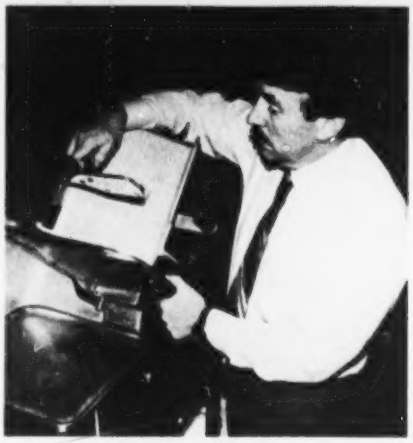
NRA has specifically requested DOL to consider dropping rules which forbid teenagers from using pizza-making machinery, power-driven mixers and slicing machines — all of which have safety features that protect their users.

"NRA and other trade associations have complained for years that the rules should be changed to reflect the technological advances in machinery that have removed many of the dangers from which the laws were intended to protect young people," explained Lee.

The rules governing child labor were first issued after passage of the Fair Labor Standards Act in 1938. The last major review of the rules came 20 years ago when the act was amended by Congress in 1961.

These rules are undergoing scrutiny as part of a review process implemented earlier this year by the President's Task Force on Regulatory Relief.

A problem unique to the foodservice industry is that no child labor rules have ever been enacted that apply specifically to teenagers working in restaurants. Instead, DOL has applied Hazardous Occupation Order Nos. 10 and 11 to the foodservice industry. Order No. 10 deals with the slaughtering, meat packing and meat processing industry, while Order No. 11 deals with the bakery industry. "The effects of applying these two orders to the foodservice industry have been anything but satisfactory," stated Lee. "Operators are left in a position of not knowing what equipment teenagers are allowed to operate in a restaurant kitchen."



NRA director and member of the Technical Services Committee, Jerry Burtenshaw, inspects safety equipment on a meat cutter which teenage employees are restricted from using under the current Department of Labor regulations.

As a result of these arbitrary interpretations by DOL, it is not uncommon for foodservice operators to refuse to hire anyone under 18 years of age because of unfavorable publicity that arises from alleged child labor violations. Operators also do not want to risk the cost of such violations which are computed at up to $1,000 for each violation. Second-time violations are considered intentional and penalties can be up to $10,000, plus jail sentences.

For the past several years, NRA has requested that DOL revise these rules, but each time DOL consistently has said that it did not want to make changes until it has completed its review of Hazardous Occupational Order Nos. 10 and 11. NRA attorneys now hope that under the Reagan review some positive changes will be forthcoming.

In a move to update some of these regulations, last year DOL ruled in favor of an NRA request that pizza dough rollers be exempt from Hazardous Occupation Order No. 11.

Although DOL maintained that the use of rollers is a violation of the order, it nevertheless told NRA that it would not prosecute restaurants where 16 and 17-year-olds operated the rollers, provided adequate safeguards were maintained.

The Department of Labor is also examining rules that limit the hours that 14 and 15-year-olds may work in restaurants. Currently, young teens may work no more than three hours on a weeknight during school or 18 hours a week during the school term.

Decontrol of natural gas delayed

In early November, the Reagan administration announced that it will delay efforts to decontrol natural gas prices. Indications are that a decontrol proposal may not come until after this year's elections, although a measure could be introduced early in this congressional session if the White House decides to push its proposal forward. The administration has held back on decontrol because of consumer opposition and congressional reluctance to take up the controversial issue.

President Reagan promised during his campaign that he would seek the immediate removal of price controls on oil and natural gas. Shortly after he came into office, he lifted the controls on oil. The oil controls were due to expire by the end of September 1981. Due to large U.S. crude oil inventories as a result of conservation efforts, there was little increase in prices or political fallout because of oil decontrol.

Natural gas is a different story. Under the terms of the current Natural Gas Policy Act, the wellhead price of newly discovered natural gas will not be deregulated until after 1985. Although no one knows for sure how fast prices would rise if natural gas were decontrolled prior to 1985, many consumer groups argue that some customers' gas bills would increase twofold as a result of total and immediate decontrol.

One of the problems with the current law, economists say, is that by 1985 it may be much more difficult to decontrol gas than it would be to do so now. This is because of the huge price disparities that would exist between controlled and decontrolled gas. Many experts even believe that Congress will have to extend controls beyond 1985 for fear of having huge price increases. The sooner natural gas is decontrolled, according to free market advocates, the smaller the effect of the rise in prices will be in the long run.

Last May, NRA's board of directors voted to support decontrol of energy prices if it would ensure future availability of natural gas. "The key word is availability," stated NRA Chairman Walter Conti. "If we can ensure availability of low cost natural gas without decontrol, we will not rush to support decontrol.'' NRA believes, however, that decontrol and the resulting higher cost of natural gas would step up the development of new and alternative fuel sources and encourage conservation. The result would be a more secure and stable supply of competitively priced natural gas for the nation's restaurants.

According to an NRA survey, approximately two-thirds of the energy consumed for cooking, heating water, and room heating by the foodservice industry is in the form of natural gas.

Because it is a complex issue affecting a wide spectrum of interest groups, neither Congress nor the White House is eager to take up decontrol.

President Reagan was undoubtedly swayed in his decision by the obvious reluctance of congressional Republicans to take up the decontrol issue. Senate Majority Leader Howard Baker (R-TN) said that Congress would not pass a gas decontrol measure without also passing some kind of windfall profits tax on natural gas. The President has vowed to veto such a tax, making prospects for a decontrol bill difficult.

Current law provides for a staged increase in prices for newly discovered gas, culminating in removal of all controls on such gas by 1985. But controls will remain indefinitely on ''old'' gas — gas already flowing as of 1977. A cabinet-level group in the Reagan administration has recommended accelerating the decontrol of new gas and removing controls from old gas.

NRA member shows success of grassroots involvement

''One person can make the difference,'' the old adage says. And it holds true in Washington, despite the complexity of modern congressional politics. As one NRA member recently found out, congressmen do listen to their constituents, and individuals can, indeed, play an important role in formulating our nation's policies.

Jack Welch, an NRA member since 1979, operates a group of restaurants in Basking Ridge, NJ. This summer, Welch noticed an article in the *NRA Washington Report* that described a measure gaining support in Congress which would exempt the malt beverage industry from certain anti-trust legislation. Recalling the harmful effects a similar soft drink law had on his operation last year, Welch realized the new bill — the Malt Beverage Interbrand Competition Act — could hurt his business. So he acted. He contacted the office of his congresswoman, Millicent Fenwick (R-NJ), to make known his concerns about the bill.

Fenwick's office informed Welch that the congresswoman had become a co-sponsor of the bill because of its similarity to the Soft Drink Interbrand Competition Act passed by the 96th Congress. Welch told Fenwick's staff that the soft drink act had resulted in disastrous effects for his six restaurants and that the malt beverage bill would have similar consequences. Although he did not know it at the time, his actions were to cause Fenwick to reassess her thinking on the bill and eventually withdraw her name from the list of co-sponsors.

The *NRA Washington Report* article argued that the bill would limit competition among beer distributors selling the same brands within given geographic areas. Any restriction on the number of vendors would result in higher prices for malt beverages as well as potential delivery and servicing cost increases for restaurant operators.

Welch's personal experience with soft drink distributors bears out this contention. He informed Fenwick of the negative effects of the soft drink bill.

- The three to four soft drink vendors serving his area were reduced to one.
- 24-hour service on soft drink dispensing equipment was reduced to the point where now, Welch says, ''I'm lucky if I have something serviced within a week.''
- Syrup deliveries previously made twice-weekly began arriving once per month.
- ''The distributor told me not to continue depending on him for spare parts and to have my own on hand,'' Welch said. ''And I had to purchase many pieces of equipment that I previously rented from the distributor.''

''All of these unexpected changes caused me to devote more space to syrup container storage, invest more money in equipment, service my own equipment, accept deliveries at inoppor-

THE STORE
LUNCHEON
MONDAY - SATURDAY
11:15 AM - 5:00 PM
DINNER

NRA member Jack Welch was able to convince his congresswoman, Millicent Fenwick, not to support the potentially harmful Malt Beverage Interbrand Competition Act — proving one person can make the difference.

tune times and order by the month instead of by the week. But worst of all, I could not longer choose which distributor I would do business with," Welch said. Because of these additional business expenses, Welch was forced to increase soft drink prices in his restaurants by 50 percent.

He told Fenwick's office that already service is poor in three of his restaurants that are compelled, because of their location, to receive deliveries directly from the brewery rather than independent distributors. "Deliveries to these three restaurants are sporadic and often arrive during peak meal periods. The stock is not rotated by the delivery men and the possibility of prompt deliveries during emergency situations is unthinkable.

"I have every reason to believe that if monopolistic territories are adopted for beer distributors, the problems I now face in these three restaurants will extend to my other three operations. I foresee higher costs as a result of having to increase walk-in refrigerated storage space, rotate my own stock and prepare for emergency supply shortages.

"The monopolies created by anti-competitive legislation like this will create an absolute horror show for single unit operators. First, the soft drink industry, now the beer industry. Who will be the next to request monopoly privileges?" Welch asked.

As a result of Welch's contact with Fenwick's office, both written and by telephone, Rep. Fenwick changed her mind on the malt beverage bill. On Nov. 10 she stood up on the House floor and asked to have her name removed from the list of co-sponsors of H.R. 3269, the Malt Beverage Interbrand Competition Act.

Speaking to *NRA News* later about her decision, Fenwick said, "Mr. Welch explained what happened to his service after the soft drink bill was passed — how his weekly deliveries became monthly and how repairs that used to be done overnight couldn't get done for a week. This is the wrong environment. I was wrong to support H.R. 3269. It's better to have an absolutely free market."

Can one person still make a difference in Washington? Fenwick thinks so. "I wish people would only realize that it's not hopeless. Government does listen. There are cases where one letter from a constituent has changed regulations nationwide."

"We at NRA applaud Welch's efforts on behalf of the industry and encourage others to get involved in the legislative process," said NRA President Robert E. Bradford. For more information on how you can participate in NRA's grassroots lobbying program, contact Steve Finn, director of government relations at the NRA Washington office (800) 424-5156.

1981 laws consider small business needs

Three new laws passed in the 96th Congress will be of special help to the small businessman in coming years. The new laws — the **Equal Access to Justice Act**, the **Regulatory Flexibility Act** and the **Paperwork Reduction Act** — are designed to ease regulation of small business, reduce paperwork and give small businessmen a fighting chance in government-instigated court suits and agency rulemaking.

Regulatory flexibility...

The Regulatory Flexibility Act, which became effective Jan. 1, 1981, forces federal agencies to consider the impact new rules may have on small businesses and to tailor their rules accordingly.

The law requires agencies to publish a regulatory calendar each April and October, listing areas for rulemaking, summaries of guidelines and their possible economic effect on small firms, as well as a schedule of proposed implementation. In other words, the act requires federal agencies to think about the impact regulations will have on small business at the beginning of the rulemaking process instead of at the end.

Also, agencies proposing new rules must prepare an initial analysis of regulatory flexibility. The analysis must estimate the number of businesses affected as well as recordkeeping, reporting and compliance requirements. The proposed rule then is published in the *Federal Register*, and notification is sent to trade associations, business groups and small businesses. (For more details on this act, see the interview with Frank Swain, chief counsel for advocacy, Small Business Administration, in this issue.)

Equal access to justice...

The Equal Access to Justice Act, which became effective on Oct. 1, 1981, is designed to make the federal government more responsible in its legal dealings with small businessmen. The act says that if the federal government takes a small business to court and that business prevails, then the business is entitled to recoup from the government the cost of the litigation.

An individual can qualify under the act with a net worth of less than $1 million, a business or trade organization can with a net worth of less than $5 million, and other groups can qualify with less than 500 employees.

NRA supported this act as it went through the legislative process in 1980, particularly since the high cost of defense against government suits deters foodservice operators from challenging many rules that adversely affect the industry.

Reducing the government's paperwork burden...

In 1980, Congress passed the Paperwork Reduction Act. The act places a limit on government forms and paperwork by requiring agencies to submit a "paperwork budget" to the Office of Management and Budget (OMB) each year. Agencies are given a limit by OMB on the volume of paperwork they can require the business community to fill out and the length of time (measured in "burden hours") it will take the average businessman to complete such paperwork.

The paperwork budget process works in the same way as the regular federal government budget process: The OMB reviews each agency's paperwork budget and determines how many burden hours can be imposed on the public.

OMB hopes to achieve a net reduction of 15 percent in paperwork during fiscal year 1982, which began on Oct. 1, 1981.

Administration works to decrease regulatory burden on small business

To champion more effectively the causes of small business and to help it survive in the economic marketplace, in 1976 Congress created the post of chief counsel for advocacy within the Small Business Administration (SBA). The chief counsel is appointed by the President and confirmed by the Senate.

Charged by law to serve as an independent voice for small business within the federal government, advocacy's mission is to study the role of small business in the American economy. To do this, the chief counsel must analyze the needs of small business in maintaining the needs of small business while working on policies and programs that will create a healthier environment for small business.

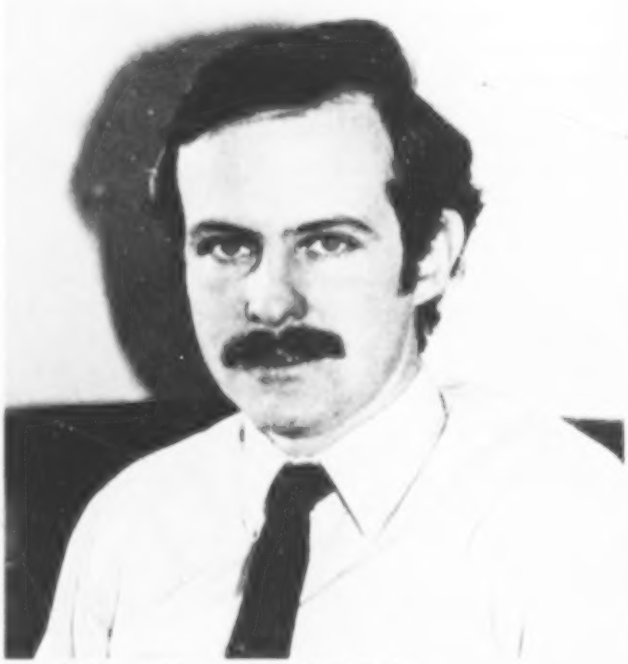
When President Reagan came to Washington last year, he appointed Frank S. Swain to be chief counsel of SBA. Prior to assuming his new duties at SBA, Swain served as legislative counsel to the National Federation of Independent Businesses (NFIB). In the following interview with NRA News, *Swain discusses issues that affect small business.*

NRA: Could you comment on the recently enacted Regulatory Flexibility Act, which your office administers?

Swain: The Regulatory Flexibility Act is the basic statute that allows this office to play a major role in regulatory actions that affect small business. It has allowed us to make sure that federal agencies which are heavily involved in regulatory activities document the impact that the regulations have on small business. The Regulatory Flexibility Act has opened up the whole regulatory process to analysis.

We have already used the new law in comments on the Department of Labor's (DOL) Davis-Bacon rules and the DOL's Office of Federal Contract Compliance Affirmative Action rules.

Also I'm involved in active negotiations with the administration's task force on regulatory relief. Currently, we are trying to get the Vice President to officially announce the use of the Regulatory Flexibility Act as a major tool for regulatory relief from rules that are already on the books.



SBA Chief Counsel for Advocacy, Frank Swain

The Reagan Administration has been somewhat successful in reducing the rate at which new regulations are issued, but now we are faced with the problem of addressing all of the regulations that have already been enacted. We need to simplify or eliminate these regulations if there is no longer a need for them.

Q: One of the things that concerns our members is the SBA's proposed changes in its small business size standards. What is the status of this proposal?

A: My understanding is that this proposal is not going anywhere at this time. There was a great deal of dissatisfaction with the proposal when it was first announced. People recognized it as a political hot potato. Still, I think there is general support within the agency for changing the standards away from a financial standard — which is what they are now — to an employment-related standard. This is because financial standards must be continually adjusted for inflation and other economic factors. Employment-related standards are, most people feel, a better measure of what is now a small business. But beyond that, there is very little agreement as to what standards we should have.

Although the size standard question has not been getting headlines in the last several months, I think it is going to come up again when the larger question of how much lending authority the SBA will have in the future is discussed. Many people feel that the Small Business Administration has placed too much focus on lending and not enough focus on looking at those policy questions that have a much greater impact on the entire small business community.

Our basic loan programs are being seriously analyzed and we may not have the amount of lending authority that we have had in the past. So it certainly makes sense to change our size standards to reflect the scope of our future lending authority.

The SBA will probably get out of the direct lending business entirely in another year or so, and our guaranteed loan program will probably be curtailed by anywhere from 10 to 30 percent, depending on what the Congress ultimately decides. The SBA guaranteed loans are that type of off-budget lending that many economists charge adds greater pressure to the credit markets and drives up interest rates for everybody else. So SBA loans, HUD (Housing and Urban Development) loans, VA (Veterans Administration) loans and every other kind of government loan are being seriously examined.

Q: What else is in store for the SBA?

A: Again, I think you will see the agency move away from lending to the types of activities that we think have greater long-term significance to the small business community, and which, by the way, do not cost as much money. Clearly, we're talking about management assistance. It does no good for somebody to get a loan if they don't know how to keep inventories, how to place orders or how to meet a payroll. Study after study shows that the majority of businesses that fail do so because of poor management. I think about 60 percent of small businesses that fail do so in the first five years. Most of those business failures can be traced to failures in management. (See article on financing in small business for information on SBA's management programs.)

Q: A major concern for small business now is high interest rates. What is being done about that?

A: Our office is concerned about the whole question of availability of credit — whether small businessmen can get enough money at a moderate cost from a bank to get started and to keep going. It is a very important issue to small businesses because they do not finance themselves through issuing stock, which is what most large companies do. Small businesses finance themselves through debt and through loans.

There is currently a major debate in Washington regarding all the federal banking regulations, and, of course, that is going to have a big impact on small business. Our office recently completed a survey of small business on credit issues. Questions included where small businesses are getting credit and whether they are satisfied with their source of credit. A number of associations, including the NRA, have helped us to distribute it, and we are getting a great deal of response.

The survey results will help us take a position in these banking law debates, so I think it is important that we know where the small business community stands. When the banking laws are changed, it may have a very profound impact on the business community.

Q: What do you consider to be the most important small business issues for the 1980s?

A: I think that small business really has to focus more attention on government at the state and local level. One of the exciting things about being in Washington now is that some very basic questions about government are being debated. We are no longer tinkering with mechanisms and asking how can we change this rule or that program; instead we are asking whether these rules or programs ought to exist. If the Reagan administration is at all successful in its new federalism — that is, shifting the focus of decision-making away from Washington to the local communities through the states — then it will be very important for business to be concerned about and involved in state and local government.

Really, many states are more strict than the federal government in various types of regulations. The states, we have found — both from hearing from small businesses and studies that we have done — have a tremendous impact on small business as far as regulations and taxes are concerned. And so I think it is not going to be enough to blame Washington anymore. In fact, I hope Washington is on the road to curing itself. Small business owners are going to have to be very concerned about the level of response they get from people in their state legislatures and their city and county governments. (To keep track of what is happening on the state level, read *NRA News'* monthly department, State Department.)

Social Security also will be a big issue for small business in the future. People in the restaurant industry especially recognize that Social Security is another payroll tax that adds to the cost of hiring a new worker. The more you load taxes up on workers, the harder it is for the small business community, because they are generally labor-intensive. The traditional way of dealing with the Social Security problem has been to raise the payroll tax. We just cannot keep on doing that or else it's going to be a tremendous burden for the small business community.

I think that the current debate on Social Security is healthy, but I am not optimistic that Congress is going to make any changes right away. It's a very sticky issue, and it goes across party lines; it almost gets into generational lines.

THE BOARD ROOM

Conti predicts industry growth in USF address

Last month, NRA Chairman Walter Conti journeyed to San Francisco, CA, to visit with students, faculty and administrators at the University of San Francisco (USF) and particularly its new Department of Hospitality Management. In a major address to the university community and 100 restaurant and hotel executives, Conti spoke of the future of the industry and the role of education.

Citing the *NRA Annual Forecast* published last month in *NRA News*, Conti said that industry sales should climb to $136.7 billion in 1982 for a 1.3 percent gain in real sales. "This will be the second consecutive year in which we have shown a sales gain after correcting for inflation," he pointed out.

This modest recovery is significant, Conti told the audience. "It will set the stage for continuing gains in years to come. Demographics are on our side. Changes in society have made us an essential industry for most Americans."

As we grow, the NRA chairman said, we will look to our institutions of higher learning to guarantee our professionalism. They are a source of the leadership we will need.

Part of the USF McLaren College of Business, the Department of Hospitality Management will enter its second year next fall with 75 students.

NRA Chairman Walter Conti was presented with the Hospitality Executive of the Year Award by the Pennsylvania State University Hotel and Restaurant Society at a recent testimonial brunch in New York.

Laughery tells educators about career opportunities in foodservice

ATLANT
Marriott

NRA Vice Chairman Jack Laughery told members at the AVA meeting in Atlanta, GA of the many career opportunities in the food service industry.

NRA Vice Chairman Jack Laughery called on thought leaders in vocational education to help inform the public about career opportunities in foodservice. He addressed an audience of over 300 at NRA's Hospitality Education Breakfast at the American Vocational Association (AVA) Convention in Atlanta last month.

Laughery reviewed several case histories of talented people with only high school degrees who rose to high management positions in foodservice companies. "The work is hard but dignified," he said. "Industriousness and imagination are rewarded."

Laughery told his audience that he had worked for Hardee's throughout his career, starting as the manager of a store in Iowa. He is currently chairman of the board and chief executive officer.

AVA represents vocational teachers and administrators from all levels of our educational system. Hospitality educators make up an important segment of the association.

Participants of the first NRA-PEC meeting co-hosted by the Georgia Hospitality and Travel Association gather in Atlanta, GA: (left to right) *front row*, Jack Cashin, Cashin's in Atlanta; Rep. Bo Ginn (D–GA); Victor J. Impeciato of Vittorio's also in Atlanta; *back row*, Pete Peck of W.D. Crowley's Neighborhood Restaurant and Tavern and Guy Thompson of Georgia Hospitality and Travel Association.

STATE DEPARTMENT

NRA Political Education Committee convenes in Atlanta

Academically, the study of government and the legislative process is called political science. To the keen political observer, it is considered an art with very few absolutes and no predictable outcome. To the individual in business, more often than not, government is neither a science nor an art, but some mysterious obstacle in the way of efficient and profitable operations.

NRA's Political Education Committee (PEC) was designed to take the mystery out of the political process and to unite the entire foodservice industry into an effective, informed political force.

Thirty-five people attended the first NRA-PEC meeting, cosponsored by the Georgia Hospitality and Travel Association (GHTA) and NRA, held last month in Atlanta, GA. During shirt-sleeve sessions on contacting elected officials to arranging addresses by Democratic and Republican congressmen, attendees studied how the foodservice industry can emerge as a powerful segment within the American political scene.

Both Congressmen Bo Ginn (D–GA) and Harold Rogers (R–KY) focused on the importance of the unified industry voice on legislative and regulatory issues which affect the industry.

In his opening remarks, Rep. Ginn stated, "Yours (the foodservice industry) is a most American industry. Since small business is the backbone of this country and the majority of restaurateurs fit into this category, your industry should be able to make a significant difference on any legislation it is interested in."

Citing the impressive employment figures within foodservice, Rep. Ginn noted, "It is undeniable that there is strength in numbers. Numbers do have an impact within the legislative process. Frankly, that's what it is all about."

Expressing his support for the NRA-GHTA political education seminar, Rep. Rogers added a historical perspective. He said, "When business withdrew from the (political) process, what did you get? Government as an enemy." He continued by explaining that business should not lose, particularly during this time of increased conservative thinking.

Emphasizing the potential power of the foodservice industry, Rep. Rogers said, "On a daily basis you contact more people than most any other industry. Your impact on matters of public affairs could be staggering if your forces were unified."

NRA is looking to the state restaurant associations to alert the industry about its ongoing political education campaign. According to NRA Director of State Relations Jim Rogers, "The advice and assistance of the restaurant associations in the planning and conducting of these educational seminars are essential to the ultimate success."

"We need informative political education seminars for the foodservice industry," Bob King, president of GHTA, explained. "Considering the economic scope of our industry, we in Georgia want to raise our political consciousness and legislative effectiveness. One of the key methods for doing so is the education of our members about government. We appreciate the opportunity of working with NRA on such a project."

For further information on the NRA-PEC program, contact Jim Rogers at NRA's offices in Washington, DC.

THE LAW

Courts clash on meal credits

An employer who furnishes meals to his employees may reduce cash wages by an amount equal to the reasonable cost of the meals furnished. For example, if you furnish your employees with meals worth 20 cents per hour worked, then the current $3.35 per hour minimum wage can be paid as follows: $3.15 in cash and 20 cents in meal credit.

The U.S. Department of Labor (DOL), following its regulation on meal credits (29 CFR 531.30), had established four tests that must be met before a meal credit could be taken.

1. The employee's acceptance of the meal credit system must be voluntary and uncoerced.
2. The employer must inform the employee of the amount to be taken as a meal credit and that amount must be acceptable to the employee.
3. Acceptance of the meal credit cannot be made a condition of employment either at the time of employment or at any time during employment. The employee from time to time must be given the opportunity to option in or out of the system.
4. The employer must retain records of all meals eaten by each and every employee — who ate the meal and its actual value.

This summer two different federal district courts heard cases challenging this DOL position on meal credits. The results are mixed.

Morrison case defines issue...

The first case was *Morrison, Inc.* vs. *Marshall*, No. 80-0228-P (S.D. Ala. June 15, 1981). The cafeteria chain contested DOL's requirement of "voluntary and uncoerced" acceptance and DOL's assertion that meals "furnished" must be actually consumed by the employee before an employer can take a credit for them.

The court here sustained the requirement of voluntary and uncoerced acceptance but indicated that an employee may agree as part of his employment contract to accept the employer's meal plan, and he will be bound to some extent by that agreement. But the court's opinion is not clear as to whether employee acceptance of the meal plan can be made a condition of employment, and whether or how often an employee must be given the opportunity to drop out of the meal plan after initially accepting it.

The later decision in *Davis Brothers, Inc.* vs. *Marshall*, No. C80-970 (N.D. Ga. Sept. 17, 1981) is significantly different from *Morrison*. The *Davis* decision agrees with *Morrison* that employee acceptance of the meal plan must be voluntary and uncoerced, but the court in *Davis* goes further in upholding the DOL position that all meals must be actually consumed to enable the employer to take a meal credit. In so stating, the *Davis* court not only disagrees with the *Morrison* decision but also overturns precedent in its own district, the earlier case of *Melton* vs. *Round Table Restaurant, Inc.*, 20 WH cases 532, 534 (N.D. Ga. 1971). The *Davis* decision is being appealed, and NRA will file an "amicus" brief, challenging the DOL position and arguing in favor of the rationale accepted in *Morrison*.

At this point, the effect of both the Morrison *and* Davis *decisions are limited to their respective judicial districts. The Department of Labor can be expected to continue enforcing its restrictive interpretation of the meal credit until such time as the matter is finally decided in the courts or NRA and other groups are successful in lobbying DOL to change its position.*

Small business: legal help on the way

Government interference with business has been particularly hard on small operators. Many foodservice operators, faced with edicts from the U.S. Department of Labor (DOL) compliance officers, Internal Revenue Service agents, or other bureaucrats, usually have given up the fight and paid the fine. The alternative — costly, time consuming litigation against numerous well-financed government legal staffs — was beyond the reach of most small business people.

NRA aids in test cases...

One of those places is NRA — thanks to the establishment of the NRA Litigation Fund. The purpose of the fund is to aid in bringing to the courts test cases that can result in favorable rulings in legal areas important to the industry as a whole. The fund is not a substitute for NRA's continuing lobbying efforts before Congress and the administrative agencies in Washington, but merely a recognition that some regulatory problems are impossible to solve without litigation. In many cases, small business operators cannot bear the cost of litigation alone.

There are limitations. The fund's resources are not sufficient to cover every case that has merit. NRA, as a tax-exempt trade association, must also restrict its efforts to legal issues which have a significant effect on a sizable portion of the industry.

With the advent of the Litigation Fund, NRA is better able to assist small operators who have strong cases involving legal issues important to the industry. Along with such recent federal laws as the Equal Access to Justice Act (November *NRA News*, The Law), the Litigation Fund gives some small operators new alternatives to their old legal dilemmas.

$MALL BUSINESS

financing in a tight money market

Rebecca Squires

"Creative financing!" laughed Jerry Goodwin, NRA board member and owner of Reese's Coffee House in Denver, CO, when asked to comment on the topic of this article. "I don't know anything about financing creatively — I only know how to do it the hard way."

Jerry Goodwin is right — obtaining financing is difficult and not likely to get any easier during the next few months. Borrowing money either to start a new business or to expand an existing operation, has become much more difficult and frustrating over the past few years. For restaurateurs — whom most lenders consider high-risk venture — it's particularly difficult. Not without reason, the Bank of America says that 80 to 90 percent of new restaurants close their doors within two years after first opening them. And for the small business restaurant owner, who is forced to compete for available funds with larger, potentially more profitable companies, finding affordable financing may look impossible.

Yet it is still possible to obtain new or additional capital without going broke just paying the high interest. Typically, the small businessman is so busy running his restaurant's day-to-day operations that he has neither the time nor the financial expertise to explore all the financing sources available, get his foot in the right door and then negotiate the best possible terms for his loan.

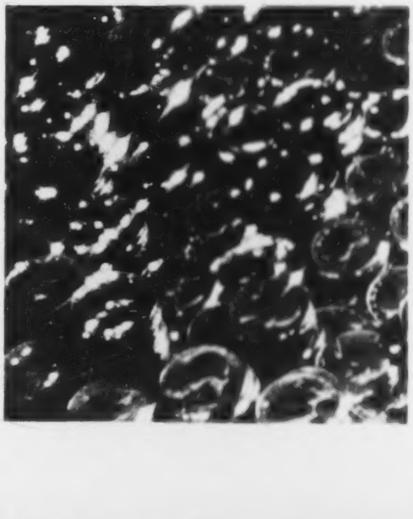
Creative, alternative or just plain traditional loans — no matter how you label them, they are there and are available.

Rebecca Squires was formerly deputy director of congressional relations for the President's Council on Wage and Price Stability (COWPS).

Don't forget to ask for enough. . .

Before looking for any financing, consider three important points. First, insufficient financing is one of the major causes of small business failures. Before you walk through a lender's door, you must know what your initial investment requirements are. You can hope to make ends meet only if you plan for every conceivable expense, and then throw in some more for those inconceivable events that are bound to occur.

This requires some planning. You should begin by asking yourself four basic questions.



- What do I need the money for?
- How much do I need?
- How and when will I repay the money?
- Can I afford the cost of the money?

Roger Anderson, NRA board member and owner of Robbie's Restaurant, Inc., in Great Falls, MT, gives advice that is echoed by all financial experts. "You've got to have a detailed package of evidence when you apply for the loan," Anderson explained. "To me, the bare essentials are a feasibility study and a marketing study. The feasibility study is an operating budget to show potential lenders and investors that your restaurant will be able to pay its debts and stay in business. A marketing study will show the kinds of customers you hope to attract, and how your restaurant will fill a need that no one else is meeting."

What kind of money do you want?. . .

Once you are armed with this ammunition, the next step in obtaining financing is deciding which kind you need — equity or debt. With equity financing, raised either alone or with the help of investors, you avoid loan payments, but you may have to give up some control of your operation. With debt financing — borrowing the money from a financial establishment — you maintain control, but run the risk of having your loan payments outweigh your income. Most small businessmen find it necessary to use a combination of both types of financing.

Financing with Aunt Minnie...

In its simplest form, equity financing involves asking for a loan from your rich Aunt Minnie, who invested in IBM when it was a penny stock and has no one to leave her money to but her cat. "Why, George," she exclaims, "I've been waiting for you to come up with such a wonderful idea. Go ahead, take all you need — just make sure there's some left to support Tabby when I go."

Without rich Aunt Minnies, the capital required to open a restaurant can be staggering, even when the owners cut all possible corners. Yet, people still open restaurants on a shoestring today, raising the money through their own financial holdings. One restaurateur commented, only half in jest, "You might as well sell your house, since you won't be seeing it anyway for the first few years you're in the restaurant business." A more conservative alternative might be obtaining a second mortgage on your house.

Borrow on your life...

Do not overlook your life insurance policy. If you have a policy, you can borrow up to 95 percent of its cash value for an indefinite period, and this loan can be used for any business or personal need. Interest is charged on the loan, but it can often be deferred indefinitely as long as you continue to pay your insurance premiums. Because life insurance policy loans are based on cash that you've already paid in, they carry little risk to the insurance company. Consequently, the interest is generally far lower than a bank's rate.

Look for a silent partner...

For most entrepreneurs, their own money usually is not enough. They seek outside investors, first soliciting friends and relatives, then friends of friends and their relatives. According to the National Federation of Independent Business, almost 30 percent of new business owners get some kind of seed money from friends and relatives.

One commonly used method of raising capital, which allows the owner to retain control of his business and still receive the benefit of outside money, is the limited partnership. Limited partnerships are just what the name implies — the owner retains day-to-day operating control, and his partners invest their money in his business, hoping to make more. Should the business fail, the limited partners lose only their initial investment and are not liable for outstanding bills. Further, IRS allows a limited partner to deduct his share of any partnership losses from his personal income tax return.

In the February 1981 issue of *Food Service Marketing*, Financial Specialist Robert Patterson recommends the following method for splitting profits in a limited partnership agreement

- the operating (or general) partner is paid a modest salary or investment fee
- if there are remaining profits, the limited partners then receive a "preferred return" on their investment; Patterson says 15 percent is reasonable and
- any remaining profits after "the preferred return" are split between the operating and the limited partners on a previously agreed-upon percentage.

In many limited partnerships, the agreement carries a provision for the operating partner to buy out his limited partners after a certain number of years, or dollar profits. If the business succeeds, all parties benefit. The operating partner acquires the entire business, and the limited partners realize a substantial gain on their investment.

How do you deal with...
"It's just not worth it for us to go through the paperwork to help you."

A variation on the limited partnership idea is the so-called "silent partner," usually a wealthy person who is seeking to shelter his large income in the depreciation of an operator's business or equipment. With the help of a lawyer or accountant, a small businessman can structure a deal whereby an investor — the silent partner — gets less of the equity (which he doesn't need) and more of the tax benefits (which the businessman in his start-up days probably doesn't require). To encourage small business investment, IRS allows investors to treat losses as ordinary, rather than capital losses, on federal income tax returns — this amounts to $50,000 for an individual and $100,000 for a couple filing jointly.

With this type of arrangement, it is important to specify in advance how your investor will get his money out of your business once his tax benefits expire. Again, a lawyer or accountant can help. And if you don't happen to know of any wealthy people who might be interested in forming this type of silent partnership — and many of us don't — a knowledgeable banker, accountant, insurance broker, stockbroker, or investment banker just might.

Don't let investors trip over a hidden clause...

Whether you find equity funding from family members and friends, or go through the more formal limited partnership arrangement, one hard piece of advice stands out. Be as certain as possible that everybody involved has similar understandings about his risks and expectations. There's no way that you can write a 100 percent iron clad guarantee about the success of your operation, but it is vital that each person knows just what he is getting into. For example, it takes the average restaurant two years to begin showing a true profit. You want to make sure that your family, friends and limited partners are prepared to go through this start-up time — and perhaps even kick in some more money — before realizing a return on their investment.

Sell it and lease it back...

If you own the land on which your restaurant sits, you may want to consider selling it and then leasing it back. This arrangement is a common business practice in Europe and growing increasingly popular in the U.S. By selling your property for cash and simultaneously renting it back from the buyer through a long-term net lease, you can avoid the perils of borrowing and gain capital advantages, too. Your buyer gets new tax breaks (which may long since have expired in your case), and you get an improved cash flow. Since you can structure the agreement to retain most of the prerequisites of ownership — such as the right to remodel or add to the property — in all ways except title you still own and control it. To ensure the most favorable terms, it's essential to get expert financial help in any type of sale/leaseback arrangement.

Financing through your bank...

Unlike equity financing, with debt financing you do not give up control in your business in return for an investor's money and a piece of the action. Instead, you borrow the money, and you are expected to pay it back, with interest. If you cannot or do not repay the loan, you lose the business.

> ***"You've got to have a detailed package of evidence when you apply for a loan... the bare essentials are a feasibility study and a marketing study."***
>
> *Roger Anderson, NRA director*

Commercial banks are the largest source of debt financing. They loan practically all short-term (30 to 90 days) money, and over 80 percent of intermediate (one to five years) and long-term (over five years) funds to small businessmen. As in any other business, banks are primarily interested in making a profit. A bank prices its product — money — just as a restaurateur prices his meals. He must allow enough margin to cover the cost of his "goods," his operating needs and his business expenses and still come up with a profit. Over the past few years, the demand for money has been high, and its supply — largely through the efforts of the Federal Reserve System — has shrunk. Thus, the cost of money, following the inexorable economic law of supply and demand, has gone up.

Yet the news is not all bad. The stringent efforts of the Federal Reserve System have finally begun to show some effect. On Oct. 1, the prime rate was 19.5 percent; by Dec. 3, 1981 it had fallen to 15.75 percent. All indications point to its declining still more. The inflation rate is going down, too. The Consumer Price Index was 13.5 percent at the beginning of 1981; by October, it had dropped to 10.2 percent. Most private forecasters predict that inflation will rise only eight to nine percent in 1982.

Rates lower in 1982...

This means that interest rates should be lower for all businesses, including small businesses. Before you can enjoy the benefits of more favorable interest rates, however, you still have to get a loan, and the best way to do that is to know your banker. "It's not a bad idea to treat your banker as if he were a member of your board of directors," explained Roger Anderson.

Right now the banking industry is going through an unprecedented number of mergers and acquisitions, and it makes good sense to keep informed of your bank's and your banker's activities. Relates one sadder but wiser NRA member:

> "I'd banked at the same place for 20 years, and a few years ago it was bought out by a big conglomerate. I didn't think much about it until I found myself in need of $100,000 to enlarge my restaurant. The banker I'd started out with had retired — or had been pushed out — when the bank was taken over, and I walked into this sprawling beehive of activity only to be met by some newly minted MBA, still wet behind the ears. I told him what I needed, said I'd been a customer for 20 years and offered my restaurant's land — which I held free and clear — as collateral. This kid told me, 'Bring in your financial statement.' I replied, 'We've had a perfect credit with you for 20 years. Doesn't that mean anything?' 'Not a thing,' he responded, 'only your numbers.' "

The upshot of it was, the NRA member says, that the bank turned down his loan — not because he was a poor credit risk, but because the bank had plenty of bigger customers. "We can make lots more money lending $10 million than we can $100,000, so it's just not worth it to us to go through the paperwork to help you," the bank told him.

This story has a happy ending. The NRA member next went to the bank where he keeps his restaurant's checking account. Once again he was told that it was not worth it to the bank to lend him $100,000 when the bank could make more lending larger sums to bigger accounts. He threatened to take his restaurant's business away — a tactic that shouldn't be overlooked — and finally the loan was granted.

Alternatives to traditional financing...

Whether you are a first-time or a long-term customer, what can you expect when you approach your bank for a loan? Jerry Goodwin echoes Roger Anderson's advice. "You'd darned well better have your bookkeeping, accounting and marketing system laid out in advance," he says. And while it's true that the banking business has changed dramatically over the past few years, this change has not been all for the worse. A sympathetic, empathetic and creative banker — one who knows and trusts his customers — can help a small businessman finance a loan in ways unheard of just a few years ago.

First, he can give you a loan with "flexible" interest rates. Payments on these loans rise and fall with the action of the prime — good news now when the prime is going down, bad news when, as in 1981, the prime rises.

Second, most banks have the authority to waive monthly payments during a restaurant's crucial start-up or expansion period.

Third, graduated payment loans are available for businesses as well as home buyers. These loans provide lower payments during a business' start-up period, gradually increasing as the business grows.

Fourth, banks can provide a fixed-rate, "balloon" loan, designed to amortize itself over a longer period than the life of the loan, thus, in effect, lowering your payments.

Borrowing from business...

Another banking trend has arisen over the past few years that bodes well for small businesses. In the late 70s, multi-million dollar companies — the mainstays of the domestic banks — learned how to issue their own commercial paper, thus by-passing the middlemen's charges of the banks. In addition, many foreign banks began lending their Euro-dollars to multinational companies at rates their domestic counterparts couldn't match. As much out of self-preservation as altruism, some banks have begun to offer loans to qualified small businessmen at rates below the prime.

Nation's Business recently examined some of these small business loans. According to the magazine, the methods of calculating the interest rates vary among the banks, but the savings can run as high as five percentage points. At the First Tennessee Bank, Nashville, TN, the small business rate is one percent more than the bank's six-month money market certificate rate; at Chemical Bank, New York, NY, the rate is one point above the discount rate charged by the Federal Reserve System on loans to financial institutions. Other banks mentioned that offer versions of a small business prime are the First National Bank of Boston, Manufacturers Hanover Trust of New York and Pittsburgh's Mellon Bank.

If your bank says no, try the government...

If despite carefully preparing your loan request and carefully cultivating your banker, you are still turned down, all is not lost. "I'm from the government, and I'm here to help you," isn't always the world's biggest lie. The largest single money lender to business in the United States is the federal government.

The advantages of government money for small businesses can be lower interest rates and longer pay-back periods. The disadvantages are what you might expect from any government agency — lengthy, detailed loan applications and a much longer turn around time once you have applied for the loan. Yet financial advisors say that going through the red tape of a small business loan application is not always bad. The information required is not only similar to what a bank needs, but it also forces a few small businessmen to put to paper figures that heretofore he may have carried around in his head and nowhere else. And even on bank loan applications, say these advisors, it's a good idea to apply for a loan at least two months before you need it.

Two programs in the federal government are specifically targeted to general business funding: the Small Business Administration's (SBA) 7(a) program and the Business and Industrial Loan Program of the U.S. Department of Agriculture's (USDA) Farmers Home Administration. A third program, the Department of Commerce's Business Development Program, administered by the Economic Development Administration, is on shaky legs at this writing, but it deserves a passing glance. All of these agencies guarantee repayment of up to 90 percent of a loan made by a bank or other financial institution. While the funds available have been affected by the administration's overall budget cuts, there is still enough left to warrant considering them.

The SBA loans of under $500,000...

The Small Business Administration's program is the most widespread and

Small business members surveyed concerning credit needs

Although the government is the biggest money lender in the U.S., a recent NRA survey of its small business members indicates that 69 percent of the respondents had no experience with government loans or loan-guarantee programs.

NRA's survey, mailed out in early November to 7,000 members, studies the flow of credit to small business restaurants, as well as the role of the commercial banking industry and other financial institutions in providing loans to small business.

Of the 600 responses tallied by early December, half of the respondents indicated that local commercial banks meet their credit needs. In contrast, 21 percent reported that their needs were met with some difficulties while 10 percent of the respondents said that local commercial banks did not meet their needs. Seventeen percent had not approached a local commercial bank for credit recently.

SBA labels NRA study creative...

The Small Business Administration (SBA), presented with the preliminary results of the credit poll, praised NRA's efforts as "a most creative approach to the problem." SBA is currently reviewing credit needs to small businesses, and NRA has used the results of the study to prepare informed comments on the issue to SBA.

Only a modest number of the small business respondents had approached nonlocal commercial banks for credit, according to the survey. Twelve percent of the respondents reported their experience with nonlocal banks, but only four percent indicated that these institutions had met their needs.

In response to a general question concerning difficulties obtaining bank credit, 65 percent of the respondents said they had no problems. Nineteen percent replied that they did have difficulties while 15 percent said they did not seek credit.

Suggestions for lenders...

Members were asked if they had suggestions regarding government loan or loan-guarantee programs. They were also asked if commercial banks could make improvements to meet long and short-term credit needs. The most common remark made by the respondents to these two questions was that interest rates should be lowered.

Not enough information available...

More specifically NRA members felt there was not enough information on the types of government loans available. In addition, they felt the existing information available on types of programs and qualifications for the loans was not adequate. Ways to streamline the application process, cut red tape and simplify the paperwork were the major issues NRA members felt need examination.

Similar comments were made when members were asked how commercial banks could make improvements to meet long and short-term needs. Members felt that commercial banks should be more willing to help and work with local small businesses. There was a recurrent complaint that many bankers viewed all restaurants as high-risk businesses and had little regard for the experience and track record of an individual operator.

best known. SBA considers any restaurant with annual sales or revenues of $2 million or less eligible for its help. About 90 percent of SBA's transactions are loan guarantees. SBA does make some direct loans. If your bank refuses to give you credit even with a SBA guarantee, ask SBA about their direct loans.

In 1980, SBA guaranteed 37,000 loans averaging $113,000 apiece. Almost 10 percent of these went to restaurants. Because SBA guarantees the bulk of the loan (90 percent or $500,000, whichever is less), banks consider them a fairly safe risk and interest rates can be lower. And while SBA must, like the banks, be convinced that a business can repay a loan from its profits, it will, unlike the banks, sometimes ignore a losing track record if there are signs in the business that point to a healthy future.

SBA loans are often guaranteed for longer maturities than normal bank loans and SBA has been known, on occasion, to accept a borrower whose collateral does not support the loan's full value.

The strongest criticisms leveled at SBA loans are the amount of paperwork needed to apply for them and the time it takes to get them. Most financial specialists say to count on two months to prepare the loan application and three months from the time you give it to your bank, which in turn gives it to the SBA, for the loan to be approved or denied. SBA has taken steps to reduce the waiting time once you've applied for the loan. It has a certified lenders program with over 500 banks across the country and, under this program, SBA will review the bank's credit analysis of a loan application and return its answer within three working days after receiving the guarantee request.

Contact your nearest Small Business Administration field office for further information about their loans; they are listed in the phone book under "U.S. Government." And you should not hesitate to write your congressman and senators if you want more information. (See interview in Washington Report this month.)

Help available for rural residents. . .

If you live in a rural area — defined as any locality with fewer than 50,000 persons not next to a city where there are more than 100 persons per square mile — you may be eligible for a loan under the Farmers Home Administration's Business and Industrial Loan Program. Like SBA, Farmers Home Administration (FmHA) will guarantee up to 90 percent of a bank loan to qualifying loan applicants. Unlike SBA, there's no set maximum to the amount of the loan, but they rarely go above $50 million.

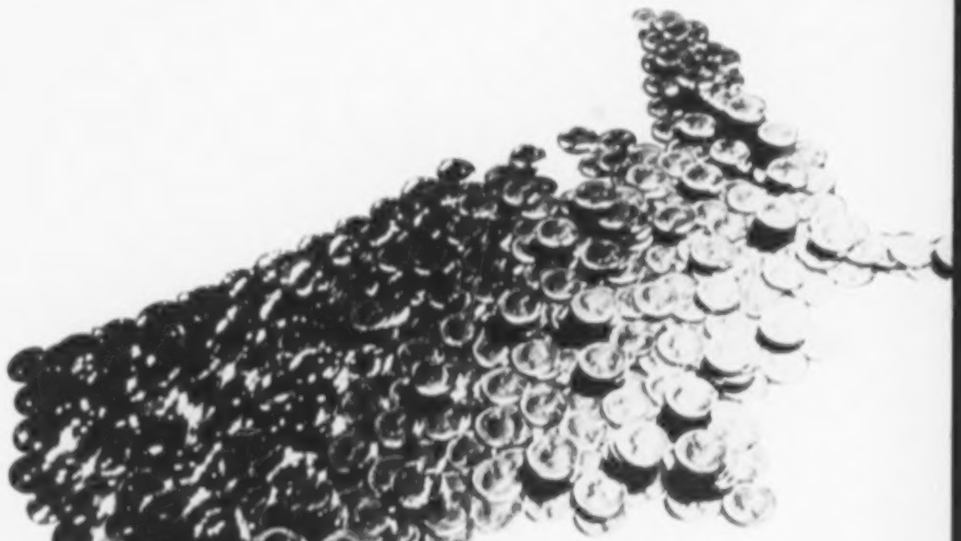
> $ *"The strongest criticism leveled at SBA loans are the amount of paperwork needed to apply for them and the time it takes to get them."* $

FmHA loans can be made for virtually any business purpose as long as they preserve or create rural employment. FmHA guarantees 30-year loans for real estate; 15-year loans for equipment; and seven-year loans for working capital. There's no set limit on interest rates, although state usury laws apply.

During fiscal year 1981, FmHA had a guaranteed loan authority of $731 million. This has been cut to $300 million for fiscal year 1982. The key contact person for further information about these loan guarantees is the FmHA supervisor in your county. There are over 2,000 such supervisors across the country and you can locate yours by checking the phone book under "U.S. Government, Department of Agriculture." Again, do not forget your congressman and senators.

Help for city dwellers. . .

Unfortunately, there's no agency that corresponds to FmHA for city dwellers. In 1965, Congress set up the Economic Development Administration (EDA) under the Department of Commerce, and one of its duties is providing direct loans and loan guarantees to areas with high unemployment rates. These loans were hardly ever for less than $500,000, and the Commerce Department found that in 1981 40 percent of them were not paid back. As a result, EDA has come under heavy fire from the administra-



tion and the Congress. While it seems likely that EDA will get some funding, it is not making any new loans until its budget is resolved. EDA has six regional offices and you may want to get in touch with the one nearest you for further information, but they suggest waiting a few months.

Holding businesses in the city...

The news is not all bad. Big city officials grew tired of seeing businesses relocate to the suburbs, thus reducing their tax base and increasing their unemployment. New city finance agencies have been formed to encourage small businessmen to remain, expand or relocate in the cities. These groups can help a small businessman obtain financing — often through a combination of private and government sources — and sometimes give financial and managerial help, too. Some of these groups are public, some private and many a combination of both. Since the organizations go under a wide variety of names, the best bet is to contact your mayor's office. NRA has a list of the economic development contacts in each of the 50 largest cities; write to NRA's Information Service in Washington, DC for a copy.

Commercial financial companies depend on collateral...

There are times when you may be turned down by a bank, and going to government sources is not feasible or desirable. Commercial finance companies exist to fill this gap. Both new and established businesses can turn to them for many of the same loans offered by banks. While commercial financiers, like bankers, are concerned about a company's ability to repay a loan, they are often more willing to rely on the quality of a firm's collateral rather than its previous track record or its future profits forecast.

Finance companies may, for example, provide two-to-five-year term loans secured by equipment you already own. Longer term loans may be secured by real estate. And some commercial finance companies have begun to make partially or totally unsecured long-term loans, although they will go through the same type of analysis a bank uses in determining your restaurant's profitability. Since Jan. 1, 1980, small businessmen have been able to obtain SBA-guaranteed loans from commercial credit companies as well as banks.

Because commercial credit companies incur higher risks than banks, and because they often borrow some of their loan funds from banks and in turn lend it out, their interest rates are usually higher.

Let the seller finance your loan...

If you are buying a business from someone else, don't overlook the possibility of seller-financing. In this era of high interest rates, seller-financing has become increasingly popular for both home and commercial buyers. While the seller assumes part of the risk if you should fail, he has strong advantages — he can get a higher interest rate from you than he would if he deposited the money in his savings account and, should the business fail, he still gets what is left. And buyers can almost always get more favorable interest rates from the seller than from a bank.

O.K., I've read the article, but now what do I do?...

This article may have given you one or two ideas about financing you had not considered before, but it obviously cannot begin to give specific advice tailored to an individual business. Large corporations have always had financial experts on their staffs as a matter of course; small businessmen don't have that option. Thankfully, there are people out there who can help without bankrupting you. Here are a few suggestions.

Free advice...

The Small Business Administration runs SCORE — the Service Corps of Retired Executives. This is a group of some 6,000 retired volunteers who serve as advisors to small businessmen in all 50 states. You do not have to have an SBA loan to qualify. Contact your nearest SBA office for further information about SCORE and its actively-employed counterpart, Active Corps of Executives (ACE). In addition, SBA sponsors many workshops, courses and clinics as well as having a wealth of publications available for the asking.

Consultants for rent...

Financial consultants who specialize in planning and obtaining financing for small businessmen are available for a retainer. A good one is invaluable; a bad one is worse than no help at all. Check with your banker and accountant for names and then, once you have found one, be sure to check out references before you hire.

A variation on the financial consultant theme are nationwide private firms that specialize in helping small businessmen obtain financing, design business plans and conduct marketing studies. One such group is Control Data Corporation's 70 business centers across the U.S. Their initial consultation is free. Call Larry Russell toll-free at (800) 638-0660 (in Maryland call (301) 332-3119) for more information and the location of the business center nearest you.

Do not forget NRA...

Finally, don't forget your trade association. NRA holds workshops on financing and a number of publications that will help. As NRA Chairman Walter Conti points out, "Eighty-two percent of the members of the National Restaurant Association are small businessmen. We are a real network of businesses — large and small — dedicated to helping each other. Active membership in NRA is probably the best vehicle a small restaurant operator has to get up-to-date information on which banks are lending, how much they are charging, and where to find the people with money to invest. All he has to do is ask."

> ***"There's no way that you can write a 100-percent iron-clad guarantee about the success of your operation."***

In February *NRA News* will feature a special article by an NRA member on his efforts to get an SBA loan.

FOODSERVICE TRENDS

Eating and drinking place failures grew in 1980

The number of eating and drinking place failures increased significantly during 1980 compared to 1979, according to the most recent data available from Dun & Bradstreet.[1] Failures of eating and drinking establishments totaled 948 in 1980 — an increase of 50 percent over 1979's 633 failures.

This is the largest number of failures since 1967 when 1,217 eating and drinking places filed for bankruptcy.

An inability to cope with the recession, double-digit inflation and declining customer counts during 1980 contributed to the rapid rise in failures.

The failure rate of eating and drinking places was 26 per 10,000 in 1980 — up from 17 per 10,000 in 1979 and only 14 in 1978.

According to Dun & Bradstreet failure rate data for 1980, eating and drinking places ranked 13 among retail concern failures. For comparative purposes, the highest failure rate was 58 per 10,000 for infants and children's wear stores. The lowest rate among retail establishments was 9 per 10,000 experienced by women's accessories stores.

Liabilities incurred by eating and drinking place failures also increased significantly in 1980. Total liabilities of eating and drinking establishments rose 46 percent from $132 million in 1979 to $193 million in 1980.

According to Dun & Bradstreet, lack of managerial expertise is the underlying factor in nine out of 10 business failures during an economic expansion as well as in a recession. In 1980, there was a sharp increase in the number of retailers who reported that inadequate or slow sales was the major problem contributing to failures. This decline certainly contributed to eating place failures since in 1980 they experienced a 1.3 percent decline in real sales (adjusted for inflation). A smaller proportion of retailers reported that significantly higher operating costs — a result of double-digit inflation — was a major factor contributing to these failures in 1980. This is in sharp contrast to the year earlier when rising costs were cited as the number one problem contributing to failures.

Educational programs and information available from NRA are designed to help foodservice operators — those currently in business and those contemplating entering the business — avoid failure. Keeping up with the industry's latest management techniques, financial planning and equipment innovations is essential to successful operations.

Failures of eating and drinking places, 1977–1980

Month	1977	1978	1979	1980
	Number of failures*			
January	59	45	55	64
February	42	42	56	62
March	67	50	49	76
April	62	50	62	96
May	61	39	66	71
June	63	51	46	85
July	38	33	49	86
August	42	58	66	74
September	46	33	41	65
October	44	37	53	109
November	50	43	39	66
December	32	34	51	94
Total	606	515	633	948

**Statistics represent only failures involved in court proceedings or voluntary action with creditors.*
Source: Business Economics Division, Dun & Bradstreet

---

[1] *Readers should be aware that Dun & Bradstreet statistics do not represent total business discontinuances. Failures reported here include only those concerns involved in court proceedings or voluntary actions with loss to creditors.*

Customer traffic increased in 1981

Restaurant customer traffic increased in 1981 for the first time in two years. During the 12-month period ending Aug. 31, 1981, customer counts at the nation's restaurants rose 1.8 percent — a considerable improvement over the 3.8 percent decline in 1980. A slowdown in the rate of inflation, along with an increase in disposable personal income and stable gasoline prices, improved consumers' economic well-being in 1981 and contributed to renewed growth in the foodservice industry.

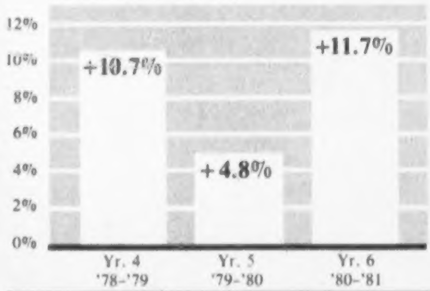
The following highlights are from the most recent CREST* year ending August 1981, with comparisons to the year ending August 1980.

- CREST sales, which represent the commercial sector of the foodservice industry, posted a gain of 11.7 percent during the 12-month period ending August 1981 — a considerable improvement over the 4.8 percent advance posted in 1980.
- Sales increased at all restaurant types in the September 1980 through August 1981 period. Family restaurants experienced the largest gain of 15.9 percent, followed by fast food restaurants at 13.8 percent.
- Customer traffic increased for the first time in two years — up 1.8 percent in the year ending August 1981. Restaurant traffic increased in each quarter with the exception of the winter (December, January and February) when customer counts fell 6.1 percent. Strong gains of 5.3 percent and 5.6 percent in the spring and summer quarters more than offset the poor performance in the winter.
- Traffic increased 6.2 percent at family restaurants and 3.3 percent at fast food restaurants.
- Customer counts fell at other restaurant types. Cafeterias experienced the largest decline of 4.8 percent, followed by coffee shops at 1.8 percent.
- The average check for a restaurant meal or snack, per person, rose 9.5 percent in the year ending August 1981. This increase is the result of changes in the number and type of menu items ordered by patrons as well as menu price increases. According to CREST information, consumers ordered more menu items as well as more expensive ones in the spring and summer quarters.
- The per person check size at fast food restaurants rose 10.2 percent, while family restaurants experienced a smaller gain of 9.1 percent.
- The increase in customer traffic in the most recent year was the result of more families eating out as those who had traded out of the market in the prior year began to return. The proportion of families eating out during an average two-week period increased from 77.86 percent for the year ending August 1980 to 78.69 percent for the year ending August 1981. There was no change, however, in the frequency of eating out. In the September 1980 through August 1981 period, CREST families ate out an average of 8.5 times in a two-week period — unchanged from a year ago.
- Traffic increased for all meal occasions with the exception of snacking in the most recent CREST year. Breakfast posted the largest advance of 5.8 percent following a strong 4.7 percent gain the previous year. Customer counts at the evening meal were up 3.1 percent in the September 1980 through August 1981 period while traffic at the noon meal rose at a slower rate of 0.3 percent.
- Restaurant operators continued to use promotions as a means of increasing customer counts. In the most recent year, 9.2 percent of the meal occasions involved a promotion compared with 8.2 percent of the occasions in the previous year.

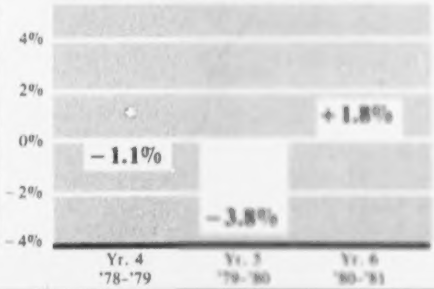
CREST (Consumer Reports on Eating Share Trends)

Summary: CREST year 6 September 1980–August 1981

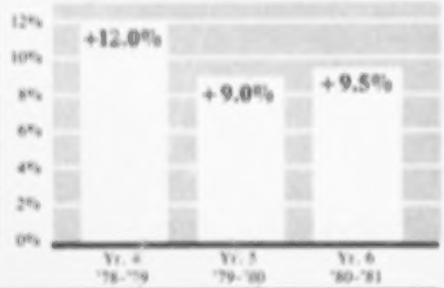
Percent change in dollar sales (Year 4–Year 6)



Percent change in customer traffic (Year 4–Year 6)



Percent change in per person check size (Year 4–Year 6)



Wholesale food prices expected to moderate in 1982

1982 commodity wholesale availability and price information may be useful to restaurateurs, particularly small operators, in planning their menu mix. By analyzing product availability and cost, operators can take advantage of lower wholesale prices as well as steer away from particular food items which are expected to increase most rapidly in 1982.

The U.S. Department of Agriculture (USDA) announced that food prices at the wholesale level will rise at a slower rate in 1982 than in 1981. A continued squeeze on consumers' budgets combined with the current recession are expected to have a moderating effect on food prices next year, according to economists at USDA's 1982 Agricultural Outlook Conference held in Washington, DC. Increased supply will restrain rises in beef and poultry prices, but a continued decline in the pork supply could mean higher prices for pork and pork products in 1982. Slightly higher prices for fresh fruit, processed vegetables and dairy products are also expected next year.

During the first 11 months of 1981, overall wholesale food costs increased at a faster pace than food costs for restaurant operators. The Bureau of Labor Statistics' All Food Producer Price Index was 3.5 percent higher during the first 11 months of 1981 while NRA's food cost index for restaurant operators gained only 3.2 percent. Lower prices for beef and veal as well as sugar and fresh fruit have helped to hold down the rise in wholesale food costs for restaurant operators this year.

Beef — increased supplies and slower increases in prices. . .

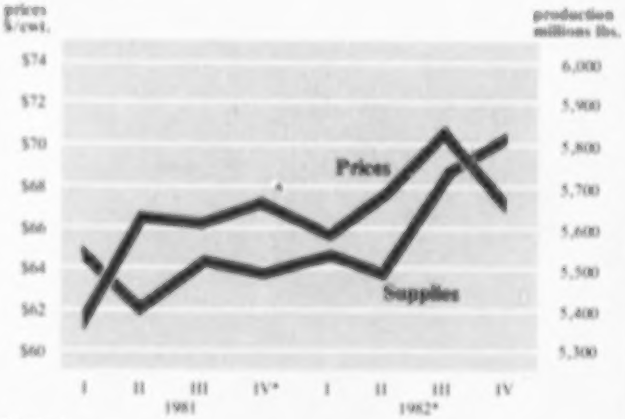
Beef production is expected to increase close to five percent in 1982, following an advance of two to three percent during 1981, according to USDA economist Ron Gustafson. Production is expected to remain at year-earlier levels through the first half of 1982 as grass fed steer and heifer slaughter falls below last spring's level. Production is projected to rise three to four percent in the third quarter and seven percent during the final three months of 1982 as grain fed cattle marketings increase.

During the first quarter of 1982, grain fed cattle and feedlot placements are expected to be well above the 1981 winter level, however, second quarter placements will increase only slightly. Lower feed costs and a stronger economy in the second half of 1982 will likely result in substantially higher grain fed cattle placements in the fall and winter quarters.

Higher beef prices were expected in 1981, however, a slowdown in the economy, the squeeze on consumer budgets and high interest rates resulted in lower prices. Slow economic growth and high interest rates in the first half of 1982 will again decrease the demand for meat, moderating price gains. USDA expects some recovery in meat prices in the last two quarters as the 10 percent tax cut, effective July 1, increases consumers' disposable income. As a result, demand may strengthen. (See *NRA News* December 1981, NRA Forecast '82, for information on the effect of tax cuts.)

Prices of choice steers at Omaha are expected to average in the mid $60s during the first half of 1982, slightly higher than the $64 level recorded in the same period last year. Prices for choice grain fed steers may average slightly higher during the summer quarter than in the same period in 1981. They are expected to drop back, however, into the $67 to $68 range in the fall quarter. Overall, cattle prices in 1982 are expected to average only slightly higher than the year-earlier level.

Beef prices and supplies, 1981–1982*



**forecast*

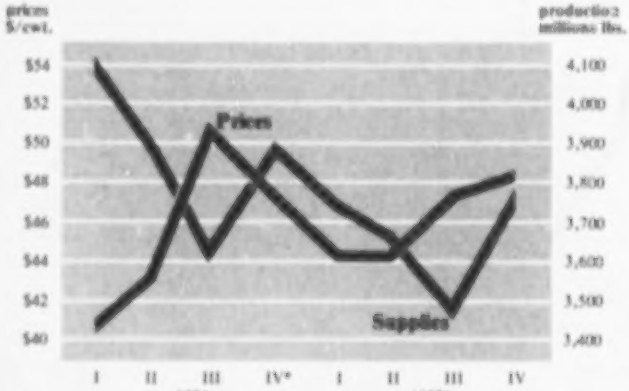
Source: U.S. Department of Agriculture

Pork — lower production and stable prices. . .

Although pork production declined in 1981, output was still relatively large. Production totaled 15.5 billion pounds in 1981 — a decline of six percent from 1980. This was the second largest output on record, however. USDA expects production will continue to fall in 1982. Most of this decline will occur in the first half of the year as output during the fall and winter quarters is expected to drop only slightly below 1981 levels.

Hog slaughter in the first half of 1982 is forecast to fall seven to nine percent below the 1981 level, and output during the second quarter is estimated to fall four to six percent below the April-May-June period of 1981. Producers are expected to add more than the normal number of hogs to

Pork prices and supplies, 1981–1982*



**forecast*

Source: U.S. Department of Agriculture

the breeding herd rather than sending them to slaughter in early 1982 which will contribute to this decline.

USDA projects pork production during the second half of 1982 will be down about three percent from the same period in 1981.

Even with the expected decline in pork output in the first half of 1982, the supply will continue to be relatively large. Large supplies of beef and poultry and the continuing pinch on consumer income will hold hog prices down. In the first half of 1982, USDA estimates prices will average in the mid- $40s — up slightly from $42 in the same period in 1981.

The tax cut, effective July 1, 1982, may also help strengthen hog prices as consumers disposable income is expected to increase. USDA projects prices will average $48 to $49 during the second half of 1982 — approximating the 1981 level.

Chicken — increased production and higher prices. . .

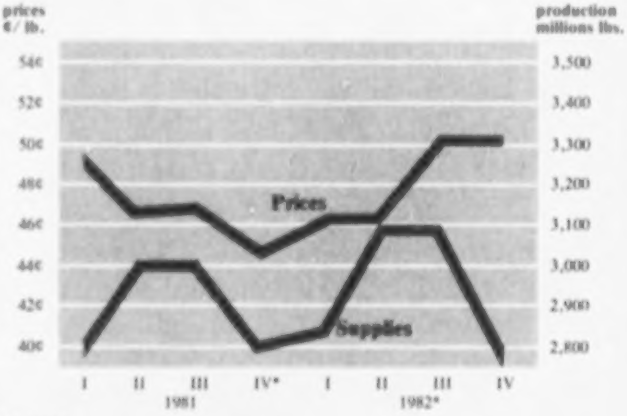
Broiler producers are expected to continue to increase output during 1982. USDA expects broiler output will increase one percent in the first half of 1982 from the same period in 1981. Production during the fall and winter quarters of 1982 is expected to equal year-earlier levels.

Broiler prices in 1982 are forecast to increase somewhat from 1981. However, USDA expects prices in the first half of the year will be lower — at 45 to 46 cents per pound, down five percent from 48 cents per pound in the same period in 1981. Higher prices are expected in the fall and winter quarters of 1982 as the economy strengthens. USDA estimates prices will range from 49 to 52 cents per pound — up 9.8 percent from 46.5 cents per pound in the 1981 July-through-December period.

Eggs — lower supplies will result in higher prices. . .

Egg production is expected to fall two percent in 1982, according to USDA economist Allen Baker. Higher egg prices can be expected in the first half of 1982 since production will most likely decline from the year-earlier level. Prices will average 73 to 75 cents per dozen in the January through June period — an increase of almost six percent from 70 cents per dozen in the same period in 1981. Egg prices are expected to strengthen even further in the July-through-December period of 1982 as the economy improves and the demand for high protein food increases. Prices are projected to average 76 to 78 cents per dozen in the second half of 1982 — up nearly four percent from the same period in 1981.

Broiler prices and supplies, 1981–1982*



**forecast*

Source: U.S. Department of Agriculture

Dairy — production will equal 1981's level and prices may average 1.5 percent higher. . .

Total milk production in 1982 will most likely equal 1981's record level of 132.2 billion pounds. USDA projects output will increase in the first half of the year, offsetting the lower production expected in the second half. Dairy herd expansion will slow during 1982. Output per cow — which has been increasing — may drop in 1982 as older cows are replaced with younger, less productive heifers contributing to the decline in production.

USDA projects wholesale milk prices will remain relatively stable through the first half of 1982, but expects they will increase in the July-through-December period, due to slower production, an improving economy and increased demand.

Retail milk prices in 1981 averaged 7.5 percent above 1980. Retail prices are expected to continue to increase in 1982, but large supplies will hold price gains in the three-to-five percent range. The ultimate rise in prices is dependent on action taken by Congress on the dairy price support program.

Fruit and vegetables — tight supply…

Smaller supplies of both fresh and processed vegetables this fall will result in higher prices through the first half of 1982. In addition, higher processing and marketing costs will put upward pressure on prices. Total supplies of canned and frozen vegetables during the 1981-82 marketing season are expected to be seven percent lower than in the previous year, since less acreage was contracted for production.

Because most vegetables are interchangeable with one another at both the production and consumption ends of the marketing spectrum, forecasting supplies and prices for individual items is difficult. Smaller supplies of processed vegetables combined with higher processing and marketing costs will most likely result in higher prices for both canned and frozen vegetables during the first half of 1982. Because of these higher prices, USDA expects larger plantings and increased supplies of many vegetables during the spring and summer of 1982, allowing for some price relief late in the year.

Adverse weather last winter and spring will reverse the recent increases in supplies of fruit during the past several years. Supplies of both citrus and non-citrus fruit in 1982 will fall considerably below the 1981 level. Output of apples, grapes and oranges will decrease considerably, resulting in higher prices in 1982, according to USDA projections. In addition, rising marketing costs will exert upward pressure on retail fruit prices.

The first forecast of the 1981-82 citrus crop indicates output of 14.4 million tons — a five percent decline from 1980-81. The largest decrease is expected in the 1982 orange crop — down 9.2 percent from a year ago. California accounts for most of this decline as their orange crop is expected to fall 29 percent below last year's record crop. This large drop in output is not the result of the infestation of crops by the Mediterranean fruit fly. USDA economists attribute it to reduced sets (fewer blossoms) since many small oranges were not harvested last season. The sharply decreased orange crop is expected to keep prices of fresh oranges high. In addition, smaller crops of non-citrus fruits will also exert upward pressure on orange prices.

Output of non-citrus fruit fell 15 percent in 1981 with smaller production recorded for all crops except nectarines. The apple crop fell 10 percent below the 1980 level, while grape production was 24 percent smaller than the record 1980 crop. Lower supplies of these fruits along with smaller citrus output will cause higher prices.

Commodity price index percent change

Commodity	1979-1980	Nov. '80-Nov. '81	11 mos. '80-11 mos. '81	one month Oct. '81-Nov. '81
Bakery products	**11.7%**	**7.2%**	**8.5%**	**0.2%**
Flour & cereal	**12.3**	**0.7**	**−7.3**	**0.6**
Beef & veal	**3.2**	**−8.4**	**−4.8**	**−4.0**
Other meats	**−2.7**	**−3.8**	**9.0**	**−3.4**
Pork	−4.0	−0.7	12.9	−4.2
Poultry & eggs	**1.0**	**−9.5**	**4.2**	**1.6**
Poultry	2.5	−16.2	1.8	−1.4
Eggs	−2.8	8.1	11.4	8.2
Fish & shellfish	**−3.2**	**6.0**	**1.3**	**1.3**
Sugar & sweets	**35.4**	**−22.2**	**−1.7**	**−0.2**
Sugar	49.6	−38.3	−12.5	−0.4
Vegetables	**7.5**	**2.4**	**23.6**	**nc**
Fresh vegetables	8.6	−5.8	28.7	−0.6
Fruits & juices	**4.2**	**7.6**	**3.1**	**1.0**
Fresh fruit	4.1	1.8	−7.3	5.4
Beverages	**0.8**	**1.3**	**−2.7**	**0.9**
Dairy products	**12.1**	**2.6**	**6.9**	**−0.2**
Fats & oils	**6.4**	**0.1**	**5.4**	**−0.1**
NRA Food Cost Index	**5.0%**	**−1.8%**	**3.2%**	**−1.0%**
All Food, Producer Price Index[1]	**8.0%**	**−4.4%**	**3.5%**	**−0.6%**

[1] *Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.*

Sources: Producer Price Index, *Bureau of Labor Statistics; NRA*

Per capita food consumption expected to increase in 1982

Per capita food consumption in 1982 is expected to increase following a two-year decline, according to the U.S. Department of Agriculture (USDA) projections. Consumption of all food is forecast to rise one percent with fresh vegetables experiencing the largest gain — five percent. USDA forecasts that production of cereals, beef, dairy products and fresh vegetables will increase in 1982. (See Foodservice Trends article on 1982 wholesale prices.) As a result, food prices are expected to moderate, contributing significantly to the predicted rise in food consumption.

Beef and veal consumption to rise...

Per capita consumption of beef and veal is expected to increase 2.5 percent in 1982, following the slight 0.4 percent advance in 1981. Large supplies of beef and poultry will hold down beef price increases in 1982. Slower price gains coupled with a stronger economy in the second half of 1982 and an increase in consumers' disposable personal income resulting from the tax cut effective July 1, are expected to increase demand for beef and will contribute to the rise in per capita consumption.

Pork consumption to decline...

USDA projects per capita consumption of pork will decline six percent in 1982. Pork consumption fell seven percent in 1981 as prices increased due to lower production. Pork supplies are expected to continue to decrease in 1982, and, therefore, prices will continue to rise. As a result, consumers will most likely switch to less expensive sources of protein, contributing to the long-term decline in pork consumption.

Per capita consumption of poultry increased two percent in 1982. USDA expects consumption will remain unchanged in 1982 due to the continuing squeeze on consumer budgets and large supplies of beef.

Consumers' egg consumption down...

USDA projects per capita consumption of eggs will fall two percent in 1982, marking the third consecutive year of decline. Egg prices are expected to increase in 1982 and this, along with adequate supplies of beef and poultry, will contribute to the drop in consumption.

One percent rise forecast for dairy products...

Per capita consumption of dairy products is forecast to rise one percent in 1982 following a two-year decline. USDA expects favorable retail prices through the first half of 1982. In addition, the improving economy in the second half of the year will contribute to an increase in consumption.

Fresh fruit and vegetable consumption on the rise...

Per capita consumption of fresh fruit is expected to increase one percent in 1982 following a three percent decline during 1981. Prices for fresh fruit are expected to rise this year as production of oranges, apples and grapes fell considerably below the year-earlier level. This price rise will be the primary factor contributing to the modest advance in fruit consumption.

Percent change in per capita consumption, 1980–1982

	1980	1981*	1982*
All food	−0.9%	−1.4%	1.0%
Beef and veal	−2.3	0.4	2.5
Pork	7.1	−7.0	−6.0
Poultry	0.2	2.0	—
Eggs	−2.0	−3.4	−2.0
Dairy products	−3.0	nc	1.0
Fresh fruits	4.0	−3.0	1.0
Fresh vegetables	0.9	−3.0	5.0
Processed fruits and vegetables	−2.8	1.5	−5.0

Note: 1981 figures are preliminary; 1982 figures are projected.
Source: U.S. Department of Agriculture

USDA projects per capita consumption of fresh vegetables will advance five percent in 1982. Consumption fell three percent in 1981 as the January freeze in Florida caused sharply higher prices. Retail prices are expected to moderate somewhat in 1982 contributing to the rise in consumption.

Per capita consumption of processed fruits and vegetables is expected to fall five percent in 1982, according to USDA estimates. Tighter supplies and higher marketing costs will keep prices above year-earlier levels and most likely accounts for the decline in consumption.

Dinner house clientele prove more affluent than average restaurant customers

Dinner house clientele tend to be more affluent than the average restaurant customer, according to analysis of recent CREST data. Dinner houses are generally characterized by above-average check size and alcoholic beverage service; they also take credit cards and usually accept reservations.

Over half of dinner house sales are derived from families with incomes in excess of $30,000, according to CREST information. In addition, families with white collar occupations account for a disproportionate 68 percent share of total dollars spent at these restaurants.

Dinner houses, with their high check average, are a distinctive sector of the foodservice industry. Their customers differ from the average restaurant patron not only in terms of demographics, such as income and occupation, but also in terms of menu preferences.

Operated primarily by independents rather than large chains, checks averaged $18.30, including tip, during the most recent CREST year. On a per person basis, the average check excluding tip was $7.90 at dinner houses. This compares to a substantially lower figure of $2.66 for all restaurants.

Dinner houses are often thought of as places to go on special occasions. Not surprisingly, only 18 percent of families patronized a dinner house during an average two-week period in the year ending August 1981. In comparison, 49 percent of the families patronized fast food places during the same period. The frequency of visits by families who ate at dinner houses was also low — averaging less than once a week. Families, however, visited fast food restaurants almost five times in an average two-week period.

Three or four member families and those with an employed housewife account for large proportion of sales...

While the upscale income and occupational characteristics of dinner house patrons are most notable other demographic characteristics also differentiate those who patronize dinner houses from the average restaurant customer.

Patrons from families with three or four members accounted for a disproportionately large share of sales at dinner houses while those with five or more accounted for a relatively small proportion. Families where the housewife is employed either full-time or part-time are more likely to visit dinner houses. These two-income families account for 52.9 percent of expenditures at dinner house restaurants versus 49.9 percent at all restaurants. Families with combined incomes tend to be more affluent which contributes to their ability to eat at higher-priced dinner house restaurants.

Dinner house patrons over 17...

Dinner house patrons tend to be adults. (See accompanying chart.) While consumers who are 35 to 49 accounted for just 23 percent of sales at all restaurants in the CREST year ending August 1981, they were responsible for a 30 percent share at dinner houses. On the other hand, children under 17 were responsible for an eight percent share of expenditures at dinner houses versus double that proportion — 16 percent — at all restaurants.

Dinner house patrons order expensive items...

Dinner house patrons tend to order more menu items as well as a more expensive selection of items than patrons at other restaurants. In the most recent CREST year, the average number of menu items per customer was 3.7 at dinner house restaurants compared to 2.5 at all restaurants. Visits to dinner houses tend to be more formal or special social occasions than visits to other restaurants. This contributes to the larger number of menu items ordered as well as the above average check size.

Higher-priced menu items such as steak and seafood were ordered on a disproportionately large number of occasions at dinner house restaurants. Steak was eaten on 10.6 percent of the occasions while seafood was eaten on almost 25 percent of the occasions. This compares with 2.7 percent and 6.4 percent, of the occasions respectively at all restaurants.

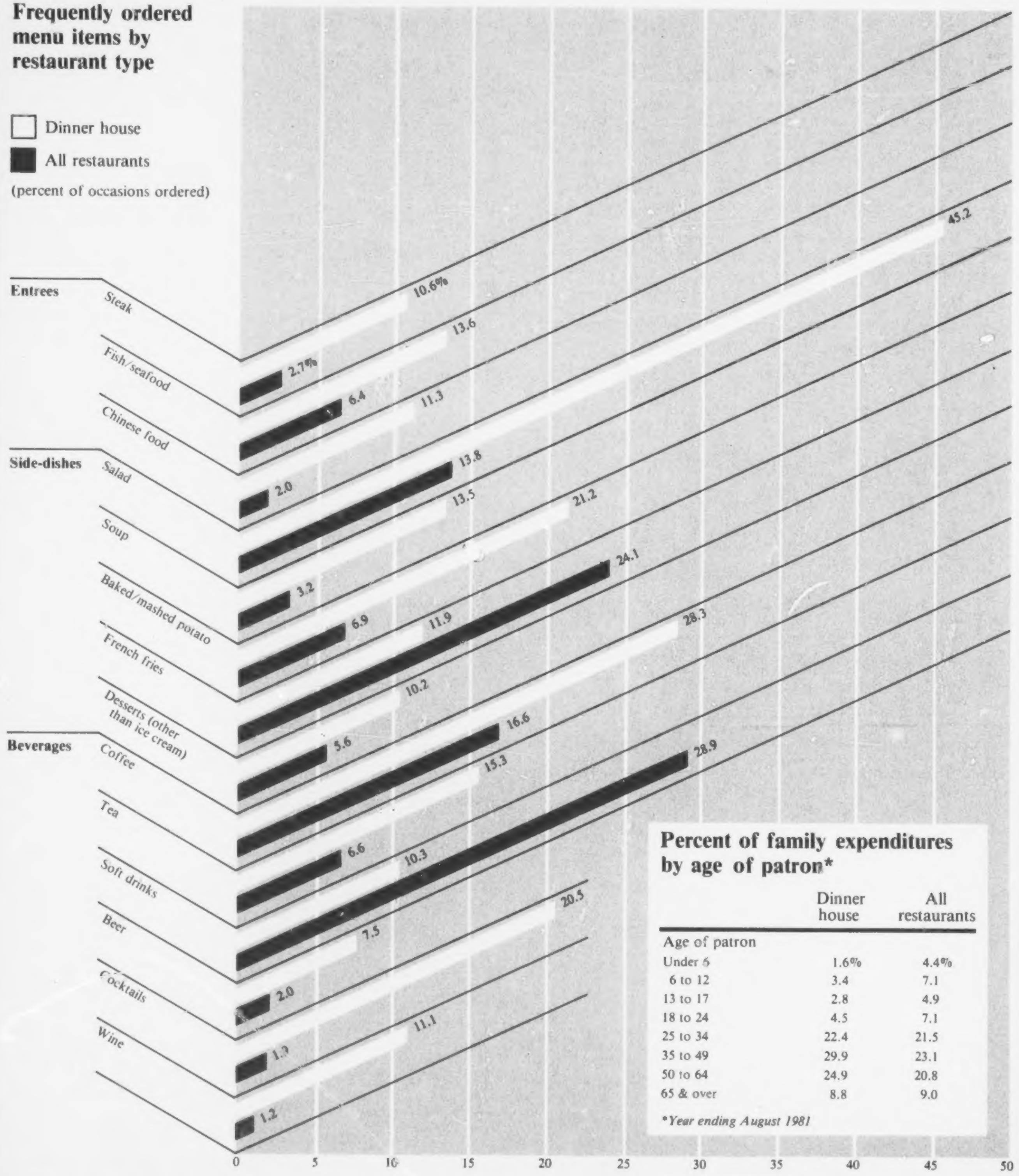
Chinese food popular at dinner houses...

Chinese food was also ordered more frequently at dinner houses, with patrons selecting these items on 11.3 percent of the occasions. In comparison, patrons at all restaurants selected Chinese food on only 2.0 percent of the occasions.

As shown in the accompanying chart, side dishes such as soup, salad and desserts were also ordered more frequently at dinner houses than at family restaurants. Salads were ordered on 45.2 percent of the occasions at dinner houses in comparison to a considerably smaller proportion of occasions at all restaurants. French fries were eaten more often at all restaurants than at dinner houses.

Since visits to dinner house restaurants tend to be social occasions it is not surprising that alcoholic beverages were ordered more often than at other restaurant types. Cocktails were the most frequently ordered alcoholic beverage on 21 percent of dinner house occasions. Wine was ordered on 11.1 percent of the occasions and beer on 7.5 percent. In comparison, cocktails were ordered on only 1.9 percent of occasions at all restaurants.

Frequently ordered menu items by restaurant type



Percent of family expenditures by age of patron*

Age of patron	Dinner house	All restaurants
Under 6	1.6%	4.4%
6 to 12	3.4	7.1
13 to 17	2.8	4.9
18 to 24	4.5	7.1
25 to 34	22.4	21.5
35 to 49	29.9	23.1
50 to 64	24.9	20.8
65 & over	8.8	9.0

**Year ending August 1981*

Note: Percent represents percentage of occasions on which menu item was ordered; year ending August 1981.

Source: CREST, NPD Research, Inc.

Industry index

Sales at eating and drinking places increased by a modest 7.7 percent in October 1981 from the same month in 1980. In the first 10 months of 1981, eating and drinking place sales were up 10.2 percent from the same period in 1980.

Eating place sales increased 9.7 percent in September from the same period in 1980 with real growth (adjusted for inflation) of 1.1 percent. In the first nine months of 1981, real sales growth for eating places was also 1.1 percent. The *NRA 1981 Forecast* predicts eating places will experience real growth of 1.0 percent in 1981, which will be the first increase in two years.

Menu prices (Consumer Price Index for food away from home) moderated somewhat in October, increasing 8.4 percent from the same month a year ago. In the first 10 months food away from home rose 9.3 percent from the same period in 1980.

Food at home has been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics' Consumer Price Index. Food at home rose only 4.6 percent in October from the same month in 1980 — well below the 10 month average increase of 8.2 percent.

Retail sales (000,000)

	Oct. 1981	Percent increase vs. year ago	Year to date sales 1981	Percent increase vs. year ago
All retailers	$89,963	7.1%	$851,442	10.3%
Eating & drinking places	8,095	7.7	79,314	10.2
Food stores	20,904	10.9	196,890	10.1

Source: Bureau of Census, unadjusted data; subject to revision.

Eating place indicators (000,000)

	Sept. 1981	Percent increase vs. year ago	Year to date sales	Percent increase vs. year ago
Eating place sales	$7,071	9.7%	$62,845	10.5%

	Percent increase vs. year ago	Percent increase year to date vs. year ago	
Real eating place sales (Sept.)	1.1%	1.1%	

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations; subject to revision.

Consumer prices

	Percent increase vs. year ago	Percent increase 1981 to date vs. year ago	
Food at home	4.6%	8.2%	
Food away from home	8.4	9.3	
All items less food	11.2	11.0	

Source: Bureau of Labor Statistics

Employment and earnings

	Sept. 1981	Percent increase vs. year ago
Total employment	4,974,900 employees	2.6%
Non-supervisory employment	4,585,200 employees	2.8
Non-supervisory average hourly earnings	$3.98	7.0
Average weekly hours	26.1 hours	nc

Source: Bureau of Labor Statistics

1981 index to Foodservice Trends articles

Consumer behavior . . .
- Spending on food away from home by the rich and the poor revealed in new study (February)
- CREST reported on consumer behavior in a weak economy (July)
- Study reveals college students eat out frequently (August)
- Consumer awareness of diet and health important to restaurateurs (October)
- August travelers spent $7.9 billion in U.S. restaurants (November)
- Consumers' appetite for restaurant meals far from satisfied (December). *Also see CREST.*

Consumption patterns . . .
- New NRA study provides information on meals prepared away from home vs. at home (July)
- Meal skipping behavior revealed in NRA study (July)
- Demographics affect item selection, reveals NRA/CREST study (October)
- Americans increase their taste for wine (November).

CREST . . .
- CREST study shows that singles' restaurant visit behavior changed (February)
- Customer traffic increases 1.4 percent in fall quarter (February)
- Customer traffic declines 6.1 percent in winter quarter (May)
- CREST reports on consumer behavior in a weak economy (July)
- Customer traffic posts best performance since 1978 (August)
- Demographics affect item selection, reveals NRA/CREST study (October)
- Pattern in repeat restaurant visits revealed in latest NRA/CREST study (November)
- Customer traffic increased for second consecutive quarter (November).

Demographics . . .
- CREST study shows that singles' restaurant visit behavior changed (February)
- Increase in number of working women has been beneficial to restaurant industry (May)
- Teen market important to restaurant industry (August)
- Study reveals college students eat out frequently (August)
- Demographics affect item selection revealed NRA/CREST study (October)
- NRA survey reveals profile of dining club member (October).

Eating places . . .
- The foodservice industry: 1979 (July)
- Independent predominate in foodservice industry (July)
- Franchisors report slower sales growth for ice cream stores and donut shops in 1979 (August)
- Foodservice industry sales: $136.7 billion in 1982 (December)
- State-by-state eating place sales forecast for 1982 (December)
- Industry sales reached $124.7 billion in 1981 (December).

Economy . . .
- Regional economic outlook for the 1980s (Supplement, June 12, 1981)
- CREST reports on consumer behavior in a weak economy (July)
- Foodservice industry sales: $136.7 billion in 1982 (December).

Employment . . .
- Foodservice employment to increase in the 80s (November).

Fast food . . .
- Franchise restaurant sales total $25 billion in 1979 (Supplement, March 13, 1981)
- The foodservice industry: 1979 (April)
- Foodservice industry sales: $136.7 billion in 1982 (December)
- Industry sales reached $124.7 billion in 1981 (December)

Food cost index . . .
- *See wholesale food prices and supplies.*

Foodservice industry . . .
- The foodservice industry: 1979 (April)
- NRA reported 1981 industry sales to reach $125.6 billion (July)
- Foodservice employment to increase in the 80s (November)
- Foodservice industry sales: $136.7 billion in 1982 (December)
- State-by-state eating place sales forecast for 1982 (December)
- Industry sales to reach $124.7 billion in 1981 (December).

Menu prices . . .
- The foodservice industry: 1979 (April)
- Foodservice industry sales: $136.7 billion in 1982 (December)
- Industry sales reach $124.7 billion in 1981 (December).

Multi-unit operations . . .
- Independents predominate in foodservice (July).

New publications . . .
- NRA published new *Foodservice Sales Panorama* (April)
- NRA published *Market Research for the Restaurateur* (May)
- NRA offered new *Meal Consumption Behavior Study* (July)
- NRA publishes new operating ratio report (August)
- New NRA publication reported on travelers' eating habits (November).

Nutrition . . .
- Consumer awareness of diet and health important to restaurateurs (October).

Operator panel . . .
- Operator panel compared financial, operations data (October).

Projections . . .
- Regional economic outlook for the 1980s (Supplement, June 12, 1981)
- Foodservice industry sales: $136.7 billion in 1982 (December)
- State-by-state eating place sales forecast for 1982 (December).

Promotions . . .
- Interest in promotions increasing according to new NRA study (October).

Regions . . .
- Regional economic outlook for the 1980s (Supplement, June 12, 1981)
- State-by-state eating place sales forecast for 1982 (December).

Retail census . . .
- New data released on average meal costs by Census Bureau (February).

Spending patterns . . .
- Spending on food away from home by the rich and the poor revealed in new study (February)
- August travelers spent $7.9 billion in U.S. restaurants (November).

Wholesale food prices and supplies . . .
- Wholesale food prices faster in 1981 than in 1980 (Supplement, January 5, 1981)
- Wholesale food prices rising (May)
- Wholesale food prices decline slightly in May (July)
- Wholesale fruit and vegetable prices not affected by fruit fly infestation (August)
- Wholesale food costs increase in July (September)
- Commodity spotlight: price and availability forecast (October and November).

Wine . . .
- Americans increase their taste for wine (November).

AT YOUR SERVICE

NRA's information service and library assists both large & small operators

Foodservice operators who are faced with daily problems without the time and/or research materials to solve them, are urged to contact NRA's information service and library for assistance.

The library's professionally-trained staff responds to over 6,000 requests each year. Questions cover such diverse areas as advertising, restaurant equipment, industry statistics, research studies, marketing, menu expansion and planning, recipes and training.

The information staff researches each request by consulting the library's extensive collection and conferring with NRA staff specialists. If an answer cannot be found within NRA, other trade associations, equipment companies or reference sources are consulted.

NRA member requests are always give top priority, making the information service an important benefit which can save the small operator time and effort.

This is just a small sample of the questions received from members.

Q: Is there a comprehensive directory of foodservice equipment companies?

A: NRA has two directories available — an allied membership buyers guide and an NRA convention exhibitors guide. Both directories are updated annually.

Q: Is there a book which will give market research guidelines and techniques?

A: NRA's *Market Research for the Restaurateur* is a practical handbook that shows the non-professional how to do enough market research to assist in making operational and promotional decisions and to do it in a professional and unbiased manner. This publication is available from NRA's educational materials department. The cost of the book is $17.50 for members and $35 for nonmembers.

Q: We want to expand our menus. What approach should we take?

A: You should ask

- What are the potential markets you wish to attract with this additional item?
- Will this item affect your present clientele and if so, in what ways?
- Does this new item match your present theme and decor?
- What new purchases would be necessary for the production of this item?
- Would the intended menu price fall in the same range as your current prices?
- How will this item correlate with your current food and labor costs?

Q: My restaurant will be sponsoring a "fight inflation" promotion featuring menu prices from the 60s. Please provide me with prices from that decade for steak, lobster and prime rib.

A: Menus submitted for our Great Menu Award Contest in 1962 listed these price ranges

Steak $3.95 to $6.75,
Lobster $3.75 to $6.95,
Prime Rib $3.85 to $5.95.

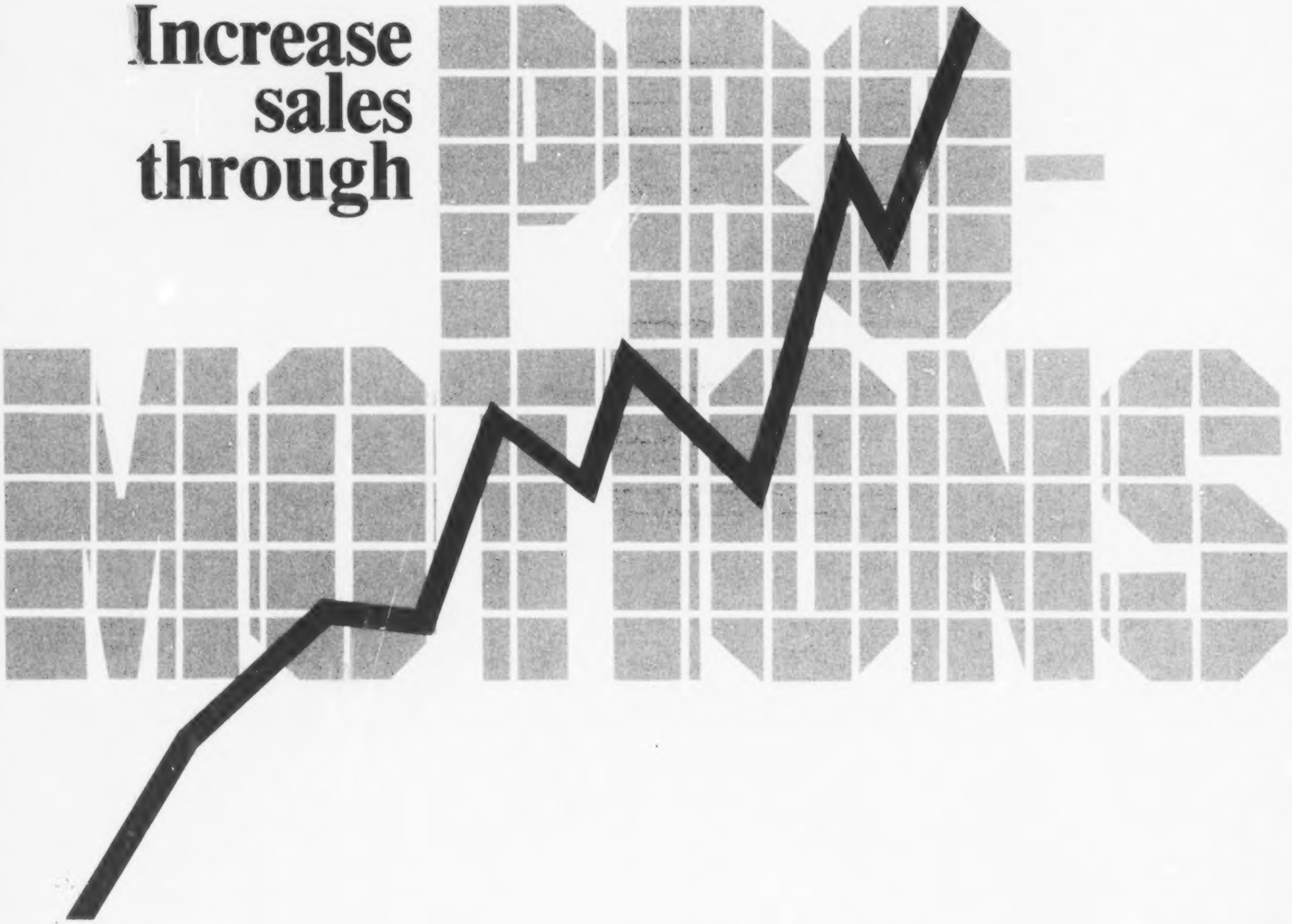
Q: What sources do restaurants use when selecting employees?

A: Attendees at an NRA seminar on "Employee Selection" have compiled a listing of 50 proven recruitment sources which is available from the information service and library.

For a brochure further outlining our information service, contact the information service at the NRA offices in Washington, DC.

NRA Information Service and Library Manager Joan Campbell uses the extensive industry resources available in the library to answer members' inquiries.

Increase sales through PRO-MOTIONS



Promotions pay off...

For the independent operator, they can be particularly attractive. Promotions can draw attention to a restaurant, enhance its reputation and help develop an image. They can increase sales on a specific day or during a designated time period, sell a specialty item and generate positive word-of-mouth advertising.

Through successful campaigns, you will also see an increase in customer satisfaction and employee morale. Involvement is encouraged. Everyone has fun.

"You must have new things happening in a restaurant to make it come alive," said NRA Director Michael Hurst of the 15th Street Fisheries in Fort Lauderdale, FL. "That's what a place of hospitality is all about. We want to give away fun and excitement and sell a lot of food along the way."

According to Hurst, promotions can give your products meaning and value. "All of a sudden, you've given people a reason to talk. You've gone beyond their expectations. Your customers become salespeople.

"Word-of-mouth is responsible for up to 85 percent of first-time purchases," he added. "A good promotion can fill every chair in the house. It can generate so much traffic that you wear the carpet out."

How can you bring in guests?...

Product and price promotions can both be valuable tools, said Hurst. "Operators should always be working on creating a distinctive, unusual and exciting product. They should experiment and continually introduce new items."

A good value will also draw a crowd. "The promotion that draws the most every time is nickel beer. People come out of the woodwork," Hurst claimed. "Although it does cost you, it's often no more than the price of a single newspaper ad."

Yet overall, promotions do not have to be expensive. Signs can be hand-drawn, flyers can be reproduced at a local quick-copy shop, and staff can be trained to make "sales calls" to nearby businesses.

"The most important thing is to talk to your customers," Hurst explained. "Get them excited about future promotions. Consciously make word-of-mouth advertising happen."

According to Ron Plummer, a senior vice president of the New York-based Mandabach and Simms, today's restaurateurs must promote. "It is as important as ordering meat on Monday morning," he said.

"If I had my way, I would feature an in-house promotion every day of the week. Each time operators plan an activity they are giving people an extra reason to walk in the door. And once they are inside they usually buy more than they came in for," Plummer explained.

Consider a week-long promotion featuring baskets of french-fried zucchini for 10 cents. This simple attraction will introduce guests to your product, bring in happy-hour business and increase liquor sales. You may even find that some of your cocktail crowd is sticking around for dinner.

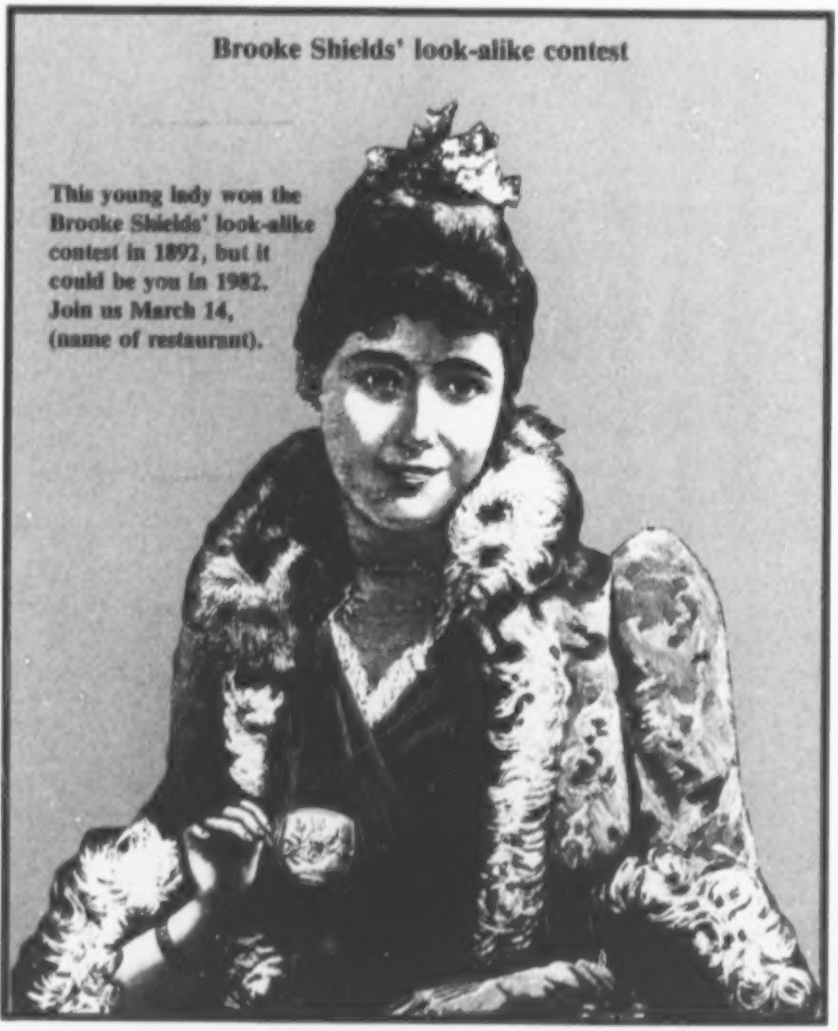
"Promotions based on a specific food item complement a restaurant," Plummer said. "Americans are interested in eating, and they like to try new things. By promoting your food, you make the dining experience special."

In his NRA seminar, Creative Merchandising Techniques, Plummer encourages participants to experiment. Promotions featuring ethnic foods are increasingly popular: Mexican buffets, pasta festivals, "Quiche Me" nights and chili bars. He has also found that holidays work well, especially when done with a twist.

"Be a little different from everyone else," Plummer suggested. "Since everyone does a one-day St. Patrick's Day promo, I plan a pre and post-holiday party. Or instead of a single Mother's Day celebration, why not an entire week devoted to Mom?"

There are also a number of new, potentially profitable holidays, including Grandparent's Day, Secretary's Week, Boss' Day, Mother's-in-Law Day and Sweetest Day. Res-

You may want to come up with a promotion idea and make some fun of it. Here is a suggestion. (The artwork comes from one of Dover Publications' camera-ready art books. See Hot off the Press this month for additional ideas.)



Brooke Shields' look-alike contest

This young lady won the Brooke Shields' look-alike contest in 1892, but it could be you in 1982. Join us March 14, (name of restaurant).

taurateurs can make these days special and build up business by offering specially priced meals, holiday menus, complimentary flowers, festive drinks, family-style dining, dinners-for-two or customer contests.

Small operators have promotional advantages...

According to Plummer, small operators have many advantages in the promotion area. Decisions can be made quickly, and activities can easily be localized. "Some of the best promoters tailor their ideas to the community. Street fairs, tie-ins with local sports teams and neighborhood service projects will attract local customers and generate a lot of goodwill."

Independents also have a freedom that chain restaurants do not, Plummer added. "Say, for instance, that the hometown football team loses its game. Within 10 minutes, a single-unit operator can offer 25 cent 'We-still-love-you' beers."

Another type of promotion activity zeros in on a target group or a specific problem. Campaigns can be launched to draw female executives, singles, families or seniors. Other promotions can be designed to build late-night or afternoon business, reduce labor costs or utilize leftovers.

Entertainment becomes more popular...

Restaurateurs can also entertain guests. Music, dancing, video games, wide-screen televisions, fashion shows, games, contests and premiums are just some of the many possibilities. Depending on your clientele — both current and desired — you may want to consider 50s nights, pinball championships, all-you-can-eat competitions, cooking demonstrations, dinner/theatre packages and cooperative efforts with local businesses.

In coming up with suitable ideas, Plummer finds that staff members have a good handle on what will appeal to customers. "Take advantage of your employees' creativity. Give them the opportunity to get involved.

"You will find that most promotions will run smoother and more successfully if everyone in your unit is enthusiastic and cooperative," Plummer explained. "And anytime you do something exciting and unusual, you are giving your waiters and waitresses a tool for communicating with guests. In most cases, you will see that promotions do as much for your employees as they do for increasing your business."

More experienced promoters are always looking for reasons — or excuses — to promote. They find out who is new in town and invite them in for a "get acquainted" cocktail. For National Kraut and Frankfurter Week (Feb. 12-21), they will offer quarter hot dogs during happy-hour, and for Bachelor's Day (Feb. 28) they will throw a swinging singles' party. Even more serious days get attention. American Heart Month (February), for example, is an ideal time to introduce menu items that are low in fat, sodium and cholesterol.

On birthdays and anniversaries, the celebrating continues. It may be candles and cakes for customers and staff or a special bash for your local mayor. You can also go Hollywood: try a Brooke Shields look-alike contest, a J.R. Ewing western night or even a post-wedding party for General Hospital's Luke and Laura.

Once you decide on a promotion idea the next step is to spread the word. Although small businesses tend to have a limited budget, there are a number of cost-effective ways to advertise. Monthly calendars listing special days and events are inexpensive to print and can be distributed in the restaurant. Flyers, table tents, menu clip-ons, posters and badges can also be used to alert guests to your activities. (See Hot off the Press this month for some camera-ready art ideas.)

Direct mail is more costly, yet can be extremely effective. First, put together a good mailing list, using business cards of current customers, neighborhood telephone directories, list of local businesses and information from your chamber of commerce. Be sure to mail three to four weeks in advance and consider including a coupon so you can easily measure response. (See November's *NRA News*, Foodservice Trends article on promotion response in different segments of the industry.)

Media coverage will also help your effort. Those who cannot afford outside public relations services can easily learn to do their own. There are a few basic rules to follow:

- Know who your market is and what papers they read.
- Make sure news releases look and sound professional. Type double-space on plain paper, and check carefully for errors. Include a contact person, address, telephone number and dateline. Put important information in the first paragraph. Accuracy is essential. (For a sample release, contact the NRA communications department.)
- Be sure envelopes are neatly and correctly addressed. Keep your media list as up-to-date as possible.
- Follow through with a phone call a few days after the release should have been received. Keep calls short, polite and to-the-point.

Create your news...

What will interest the media? Think about who reads each publication to get a general idea. Write about new menus, planned promotions, exceptional values and community service activities. Use your in-house experts: chefs on cooking techniques, banquet managers on party planning and purchasers on cutting food costs. You may also want to volunteer to write a monthly column in your local newspaper or provide recipes from your menu. And do not overlook opportunities to "create" news by telling the public how to dine out on a budget, stay on a diet or painlessly eat out with small children.

All types of restaurants can profit from special promotions. There are ideas for every budget, menu type and market. Restaurateurs will find a wide assortment of business-building suggestions in each edition of *Pro-Motion*, NRA's bimonthly promotion newsletter. Subscriptions are $12 per year for NRA members, $60 for nonmembers. For information, contact Elyse Cuttler at the NRA in Washington, DC, (800) 424-5156.

Why will you want to subscribe? According to Plummer, every so often he will hear a small operator say he cannot afford to do promotions. "I say, in today's market place, he can't afford not to."

The NRA National Conference on Promotion is scheduled for September 1982.

HOT OFF THE PRESS

Jazz it up! Redo your menu for little more than the price of printing

You want to change your menu's appearance — jazz it up a bit — but cannot afford to spend $100 to $500 for simple illustrations?

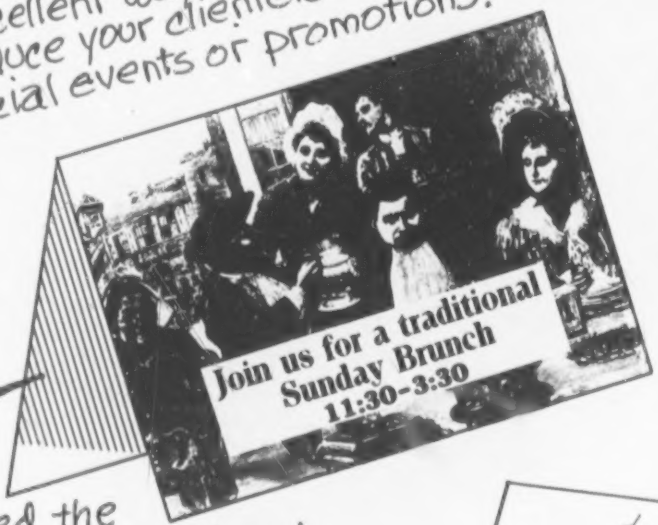
With a little imagination, a few extra minutes and one or two of Dover Publications' camera-ready art books, you can come up with a menu you will want to brag about — and maybe even enter in NRA's Great Menu Awards contest.

Dover Publications' camera-ready art books provide hundreds of copyright-free illustrations for about two to five cents a piece. Their selection of over 300 books, priced $4 to $5, include everything from old woodcuttings and engravings — great for place mats — to stylized hamburger and french fry drawings. Three of the publications are particularly useful to foodservice operators: *Wine and the Artist, Food and Drink* (from 19th-century sources) and a new title due out late this month, *Ready to Use Food and Drink Spot Illustrations.*

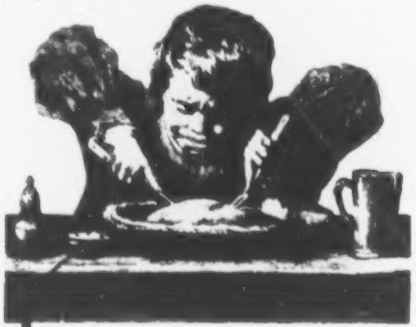
Some of their other books offer headlines, borders and banners as well as fancy alphabets and calligraphy designs.

A few members of the NRA staff put together samples of what can be done with the camera-ready illustrations.

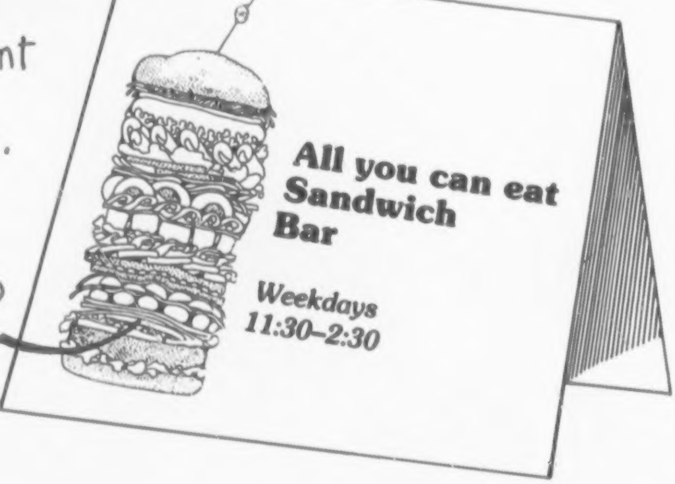
Table tents are an excellent way to introduce your clientéle to special events or promotions!


Join us for a traditional
Sunday Brunch
11:30-3:30

We reduced the camera-ready art and dropped in the announcement for Sunday Brunch. You can print the menu inside.



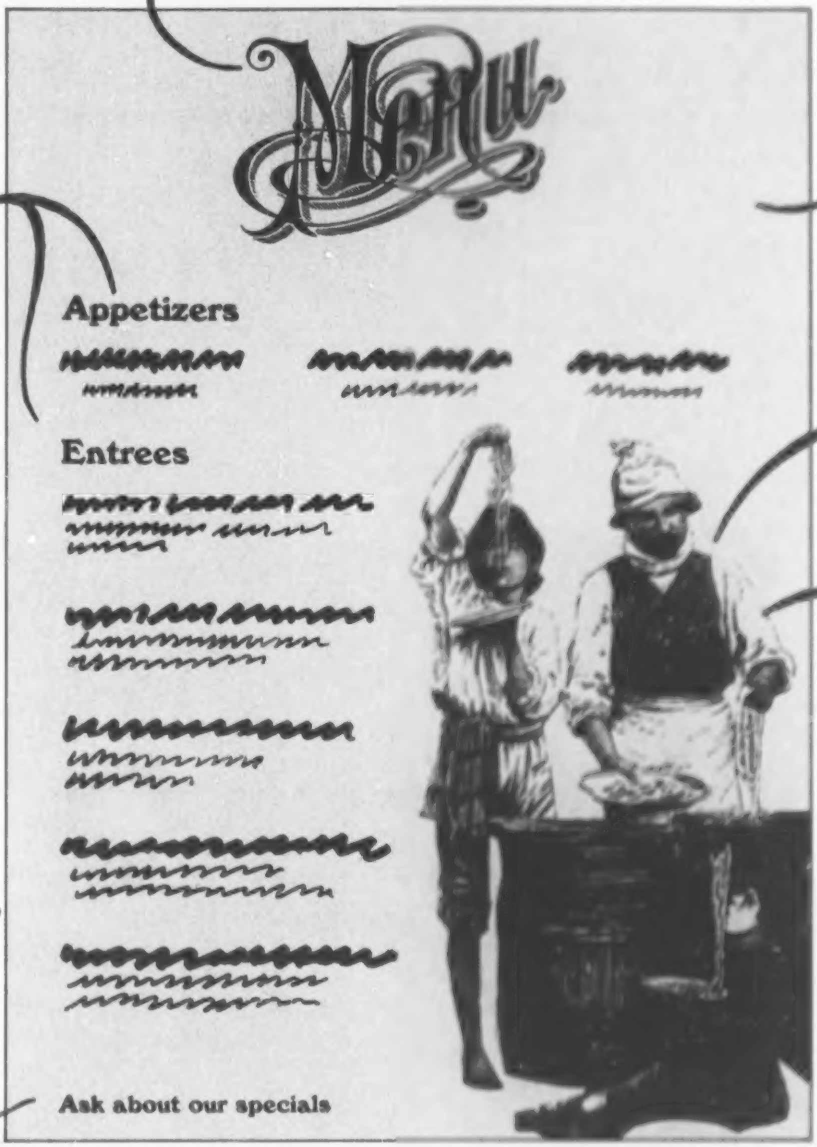
You may want to announce a children's evening menu on the other side of this tent - like above.



The artwork is from Dover Publications' new camera-ready art book. We reduced it a little.

You may want to use the logo for your restaurant here.

We've used a 10% black screen to create the grey paper color. You may want to use a colored paper.



We used blue so that these heads stand out. It is easier for customers to find the sections they are looking for.

Artwork is printed in the second color. (Blue)

This camera-ready art was clipped out of the publication and reduced in size. It also sets a fun, festive mood for the restaurant.

We also printed this in blue so it doesn't get lost.

We chose an Italian theme for this menu, but the variations are almost limitless. Here are some tips on getting your menu printed.

- With the money you save using camera-ready artwork, add another color to highlight certain areas of your menu. In this case, we have chosen blue and used a variety of blue screens.
- Do not simply tell a printer you want to use blue as a second color. Ask him for his color guide book and pick out the exact color you feel fits the atmosphere of your restaurant.
- Before you begin designing a new menu, ask your printer what the most economical size would be. If you design the size of your menu so that the printer will have the least amount of waste, your costs will be lower.
- Most important, go out and ask for bids from a few different printers, costs can and do vary tremendously.
- Ask the printer if he has an over-supply of any paper that he can give you a good price on. If one of his normal clients has gone to another printer, he may be stuck with a lot of high quality paper that he would like to get off his hands and, therefore, will give you a good price.

For a catalog of camera-ready art available from Dover Publications write, Dover Publications, Inc., 180 Varick St., NY, NY 10014.

PUBLIC HEALTH & SAFETY

Water and heating systems eat up profits

A restaurant's water supply system offers the unique opportunity to reduce two costs at once — water and energy.

Savings will result when

- consumption is reduced
- water temperatures are set at the minimum requirements and
- heaters and distribution systems are properly maintained.

Stopping the drip . . .

A running or dripping faucet is a common sight. To prevent faucets from being left running, consider installing spring operated faucets, particularly in out-of-the-way locations, such as lavatories. Remember, however, that the FDA Model Foodservice Ordinance states, "Any self-closing, slow-closing or metering faucet used shall be designed to provide a flow of water for at least 15 seconds, without the need to reactivate the faucet."

The unnecessary water costs from the dripping faucet can be dramatically illustrated by using the "Friendly Drip Stick." Developed by NRA member Friendly Ice Cream Corporation, an eight or 10-ounce glass water tumbler is placed under a dripping faucet for 30 seconds. The stick is then set upright in the glass. By reading either the hot water or cold water scale, the weekly cost of wasted water can be calculated.

The drip stick is reproduced in its actual dimension on the next page. Use an ice cream bar stick to make up your own gauge. The costs shown are based on $1 per thousand gallons of water and five cents per KWH. Make the necessary adjustments for your utility rates.

Water temperatures should be set to minimum . . .

Hot water for hand washing need be no higher than 100 degrees Fahrenheit. Yet many restaurants heat water to 140 degrees Fahrenheit and then depend upon customers and employees to mix in cold water in order to reduce the temperature.

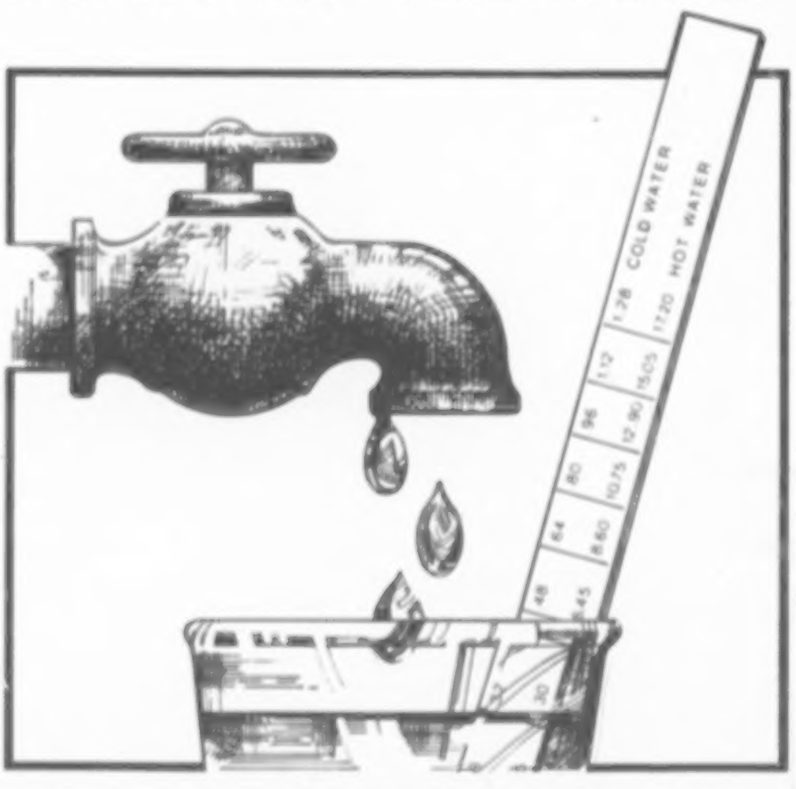
Have your system examined for the possibility of lowering the temperature of general-use water. Booster heaters can then be installed where extremely hot water is necessary, such as at dishwashers and scullery sinks.

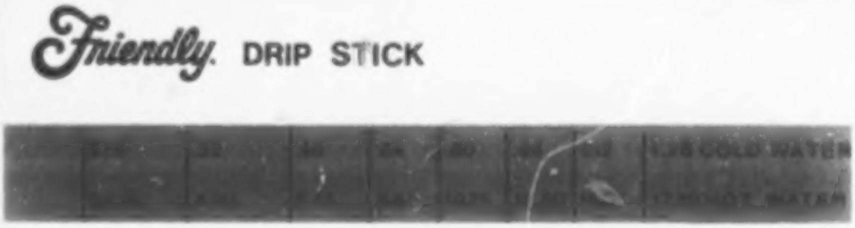
Reducing the water temperature will substantially reduce the potential heat loss in the pipe. If the room through which the pipe travels is maintained at 70 degrees Fahrenheit, a reduction in the water temperature from 140 degrees Fahrenheit to 100 degrees Fahrenheit reduces the potential heat loss by over 50 percent.

140°F – 70°F = 70°F potential heat loss
100°F – 70°F = 30°F potential heat loss

Check the temperatures of water being furnished to dishwashing machines regularly and make certain they are not reduced below public health requirements.

Sediment and minerals accumulate in hot water heaters. This buildup inhibits the transfer of heat to water. Several times a year, the drain valve should be opened. Empty two or three pails of water until water flows out clean.





Check your hot water heater for signs of corrosion, leakage or hot spots. Hot spots indicate that the insulation may not be distributed evenly.

Additional insulation can be used to cover the exterior of water heaters. Check with your local utility or plumbing distributor for recommendations before investing in additional insulation blankets. The type and material of this insulation is important.

A smokey or hot stack coming out of a gas water heater suggests a problem. Have the burner and other controls inspected. Do not attempt the repair yourself. Call your utility or service company.

If the opportunity arises for relocating a heater or installing a new one, place it as close as possible to the major point of use of hot water such as a dishwasher. Reducing the pipe length reduces heat loss.

Inspect insulation on storage tanks and the distribution system. Pipe insulation is readily available from building supply stores and is easily installed.

What to expect from state and local budget cuts

Reductions in federal grants and ceilings on local property taxes will affect the budgets of state and local public health agencies regulating the foodservice industry. In adjusting for a more austere budget, these regulatory bodies will either maintain only priority programs deemed essential or reduce activities across the board.

If activities are categorized by priority, funding will be maintained for such programs as drug abuse assistance, aid to the elderly and alcoholism treatment, but funds will likely be reduced for many programs including the foodservice industry.

A reduction of funding for all Public Health activities will also mean fewer dollars for foodservice program.

In either case, all activities will be examined much more carefully. Restaurant inspections will probably be reduced to twice from three or four times a year. Sanitarians will look more closely at prior inspection reports and categorize foodservice operations accordingly. Restaurants with consistently outstanding reports will probably be inspected less frequently, while those with repeatedly poor inspection ratings will receive extra attention. There may also be an increase in programs that will require a certain amount of self-inspection. Attention during inspection may focus on the critical control points of temperatures and food storage practices with less time spent on the physical features of the restaurant.

Threat to industry. . .

"The greater potential problem to our industry is that local public health agencies, in their search for additional revenue may adopt programs that will unfairly impact us," explained Stanton Elliott, chairman of NRA's Technical Services committee. Increases in fees for licenses and permits as well as assessments for inspections will likely be considered. "The latter poses a significant danger," Stanton continued. A practice may develop in which an inspector is required to make a set number of inspections per day or per week with the prime purpose being to collect a fee. The system would also increase the probability of re-inspection.

Another potential revenue source could be the conducting of mandatory training programs by public health departments with a tuition charge.

Since almost all public health regulations are local in nature, it is the local restaurateur who must be the eyes and ears of the industry and take the leadership role in resisting proposals or changes that will unfairly affect foodservice.

OSHA impact. . .

The inspection of restaurants has become less likely with the institution of a targeted inspection procedure by the Occupational Safety and Health Administration (OSHA). The inspections will generally focus on those establishments in which the rate of employee worktime lost due to occupational injuries exceeds the national average. Other targeted groups will include industries within each state whose experience exceeds the national average.

Energy regulations may appear on local levels. . .

There are two types of energy-related regulations which may appear on the state or local level. One is a concept involving utilities and the establishment of certain conservation standards which must be met for utilities prior to permitting new or expanded hookups to customers. One of the first proposals set limits on the amount of energy to be used for lighting and hot water heating as well as requiring an energy audit. These requirements could mean additional dollar expenses for audits and engineering services and should be vigorously opposed.

Energy conservation regulations for existing buildings may also be introduced. Energy conservation codes now exist in most states, but affect only new construction. How regulations for existing buildings will be written is still being considered, but one concept would require an annual energy audit which would identify energy conservation opportunities. Modifications would be required if the annual energy cost savings represented a certain percentage of the cost of the equipment or building modification.

When building new facilities or extensively remodeling existing restaurants most operators will be faced with expanded requirements for accessibility by the physically handicapped. Once again the industry must assert itself to assure that the requirements established are reasonable for the purpose intended.

EDUCATION

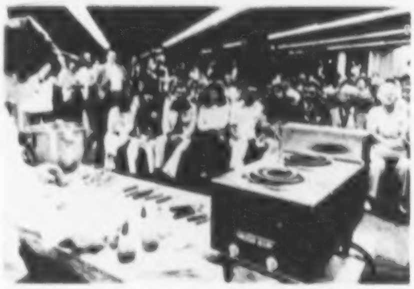
NRA seminars help small business compete with the 'big guys'

Today's intense competition for the dining-out dollar can be overpowering to smaller independent operators. They face this problem alone. Generally, there is no money in the budget for marketing and advertising professionals, personnel and training directors, or expensive outside consultants.

With the aid of NRA's seminar department, however, the independent operator does not have to face the challenge alone. NRA seminars offer the type of help and information that corporations are able to generate in-house, and for a fraction of the cost.

Many owner/operators routinely send their staff to NRA seminars for training that would otherwise be unavailable. Programs, such as basic, supervision and dining room management, provide supervisors and assistant managers with practical management instruction on subjects ranging from managing the dinner rush to dealing with employee discipline. Other seminars from the food production series teach kitchen staff the basic skills as well as the latest techniques for creating soups, salads, baked goods and other culinary delights.

As one small operator explained, "Even if I had the knowledge and the talent to run my own training sessions, I really don't have the time. It is much more cost-efficient for me to send my people to an NRA seminar. I know they are getting the best training available, and besides they get a chance to pick up new ideas from others in the business."



NRA seminars give the independent operator access to the nationally prominent experts and the kind of profit-building information normally available only to larger companies with big budgets. They afford an opportunity to spend a day or two with a top pro and learn anything from how to cut your food cost to how to put together a new menu.

Many seminars feature discussion sessions or case study exercises during which participants work together to solve a problem. Often slides, films and live demonstrations reinforce instruction. In the food production seminars, the menu items are created before your eyes.

Coffee breaks and lunch quickly become informal "rap sessions" with participants exchanging ideas and information among themselves, the instructor and the NRA representative.

And it is all organized with the busy restaurateur in mind. Eight hours are packed with new ideas, techniques and approaches which you can take to work the next day.

For more information, refer to the NRA seminar schedule on the next page.

NRA SEMINAR SCHEDULE

Bar Management

Feb. 8-10	Chicago, IL
Mar. 8-10	Tampa, FL
Mar. 15-17	Los Angeles, CA

Creative Merchandising Techniques

Feb. 1	Long Beach, CA
Mar. 8	Boston, MA
Mar. 15	Portland, OR

Menu Development

Feb. 1	Minneapolis, MN
Feb. 3	Denver, CO
Feb. 23	Philadelphia, PA
Feb. 25	Washington, DC
Mar. 16	Detroit, MI
Mar. 18	Cleveland, OH

Improving Food Production Methods

Feb. 4	Atlanta, GA
Feb. 18	Williamsburg, VA
Mar. 9	Newport Beach, CA
Mar. 11	Phoenix, AZ

Fish & Seafood

Feb. 10	New Orleans, LA

Practical Meat Workshop

Feb. 4	Baltimore, MD
Mar. 15	Wichita, KS
Mar. 17	Dallas, TX

Soups & Sauces Workshop

Feb. 4	Indianapolis, IN
Feb. 15	Manchester, NH
Feb. 17	Newark, NJ
Mar. 15	Toledo, OH
Mar. 31	San Francisco, CA

Super Salads

Feb. 11	Milwaukee, WI
Feb. 18	Dallas, TX
Mar. 4	Philadelphia, PA
Mar. 25	Williamsburg, VA

Basic Supervision

Feb. 2	Cherry Hill, NJ
Feb. 15	Oklahoma City, OK

Dining Room Management

Feb. 8	Nashville, TN
Feb. 10	Tampa, FL
Feb. 22	Topeka, KS
Feb. 24	St. Louis, MO
Mar. 11	Norfolk, VA
Mar. 29	San Antonio, TX
Mar. 31	Dallas, TX

Hiring Hourly Employees

Feb. 8	Boston, MA
Feb. 22	Portland, OR
Mar. 1	Houston, TX
Mar. 22	Baltimore, MD

Performance Review

Feb. 9	Boston, MA
Feb. 23	Portland, OR
Mar. 2	Houston, TX
Mar. 23	Baltimore, MD

Kitchen Management

Mar. 10	Las Vegas, NV
Mar. 18	Los Angeles, CA
Mar. 24	Albuquerque, NM

Controlling Beverage Cost

Feb. 1	Richmond, VA
Feb. 3	Atlanta, GA
Feb. 16	Cincinnati, OH
Feb. 18	Toledo, OH
Mar. 1	Seattle, WA
Mar. 4	Honolulu, HI

Controlling Food Cost

Feb. 15	Spokane, WA
Feb. 16	Seattle, WA
Feb. 18	San Francisco, CA
Feb. 22	San Diego, CA
Feb. 24	Tucson, AZ

Controlling Labor Cost

Feb. 22	Hartford, CT
Feb. 24	Syracuse, NY
Mar. 1	Milwaukee, WI
Mar. 3	Chicago, IL
Mar. 22	Salt Lake City, UT

Computers

Mar. 22	Cincinnati, OH
Mar. 24	Minneapolis, MN

Food & Beverage Operations Auditing

Mar. 16	Seattle, WA
Mar. 31	Boston, MA

Practical Accounting for Foodservice Managers

Mar. 8	Newport Beach, CA
Mar. 10	Denver, CO

How to Negotiate & Finance Your New Operation

Mar. 29-30	San Francisco, CA

Off-Premise Catering

Mar. 8-9	Las Vegas, NV
Mar. 29-30	Boston, MA

Winning! Labor Law, Negotiations & Unions

Mar. 29-30	Washington, DC

Real Estate & Site Selection

Mar. 22-23	Atlanta, GA

Restaurant Design & Facilities Planning

Feb. 8-9	Houston, TX

Special Conference

7th Annual NRA/UNLV Table Service Restaurant Conference, February 1-3, Las Vegas, NV

For more information, contact
registration secretary
seminar department
NRA Washington office, (202) 638-6100
or (800) 424-5156

MAY 22-26

BIG BENEFITS FOR SMALL BUSINESS

WN 12/22 MEMBER#81J011WF
JEANNE LONG
CONGRESSIONAL INFORMATION
SERVICES INC
4520 EAST-WEST HWY
WASHINGTON DC 20233

Is your address correct?

Your mailing label serves as your official membership listing within all NRA departments. If your label is incorrect, please refer to your membership number, make the proper change and send corrections to Eloise Bailey, NRA Membership Dept., 311 First St., N.W., Washington, DC 20001.

NRA NEWS

National Restaurant Association

Vol. 2 ☐ No. 2 ☐ February 1982

1 A8200-1
2/24/82

American Beverage Consumption Increases

Speaking with one voice

The National Restaurant Association is calling on you to help yourself. We want you to speak out against some proposals which will hurt our industry.

The U.S. Department of Agriculture (USDA) wants to change the beef grading system again. They plan to lower the standards for Prime so that the category includes much of what is now Choice. They also want to lower the standards for Choice to include much of what is now Good. If these changes are made, consumers will pay higher prices for lower quality beef, and restaurateurs will find it difficult or impossible to find the quality of beef they need in the quantity they need.

In 1976, USDA made a similar change in the grading standards. Since then, more than 80 percent of all graded beef has fallen into the Choice category. (In 1980, for example, the figure was 89 percent.) Choice now contains both the lean beef some consumers want and the marbled beef most restaurateurs require. As a result, we have not been able to rely on the grading system to discriminate the tender, juicy, flavorful beef our guests demand when they dine out.

The proposed changes will make matters worse.

NRA is fighting this proposal. We are testifying at hearings USDA is holding in five cities across the country. At the same time, our communications department is holding media conferences and briefings in each of those cities. We are asking the media to inform consumers what effect the proposed changes will have on them and their favorite restaurant.

NRA is asking the consumer to let USDA know what they think about this issue. But first and foremost, we must make our own voice heard. We are a large industry performing an essential service. The USDA proposals will disrupt our operations. We must tell the folks in Washington about our views.

We urge the NRA membership to write USDA. It is likely that your employees and guests may feel strongly about this issue, too. They may also want to write. If we all speak out in one voice, the government will have to respond. Letters and telegrams should be mailed to the address below. USDA requests two copies of your letters.

Sincerely,

Walter J Conti

Walter Conti
NRA Chairman

Address comments to:

Livestock, Meat, Grain and Seed Division
USDA 2M — Annex
300 12th St., S.W.
Washington, D.C. 20250

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
Acting President
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Director of Publications and Editor
Steven J. Dahllof
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Sections Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Joan E. Campbell
Gayle L. Christensen
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
Elaine A. Raffel
James T. Rogers
John R. Rolfs
Rachel A. Zachary

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600, Chicago, IL
60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices.

Copyright © NRA 1982, all rights reserved.

Postmaster, send address change to *NRA News*, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Special

13 American per capita beverage consumption is on the rise. In this month's cover story, readers will find out who's drinking what and when. *(Foodservice Trends)*

Departments

Washington Report
3 USDA announces proposed **changes to beef grading standards** — NRA rejects proposal.
4 **NRA membership action call** on energy tax credits.
5 **Farm bill** sets agriculture policy for the next four years — support programs to affect commodity prices.
6 Congress reviews **teenage minimum wage**.
7 NRA interview — Rep. Erlenborn (R-IL) speaks out on youth opportunity wage legislation.

The Board Room
9 U.S. congressmen address **NRA-PAC**.
Board members explain **NRA's beef grading position** to cattlemen.
10 Board member helps Air Force kitchen compete for the coveted **Hennessy Award**.

The Law
11 Van pooling for employees.
Tax refund available under Rowan decision.

State Department
12 Henry Montague, president of the Michigan Restaurant Association, defines importance of **association involvement**.

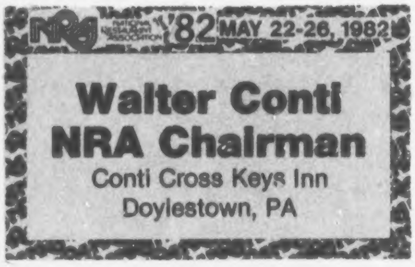
Foodservice Trends
13 Special on U.S. **beverage consumption**.
16 **Breakfast market** continues to grow.
18 Commodity spotlight — price and availability forecast.
20 Industry index.
21 CREST quarterly report — growth in **customer traffic** weakens during fall quarter.

Technical Services
29 How to troubleshoot roof problems before they occur.

Education
32 Rate your dining-room management.

Sections

Short Orders **2** **NRA membership cards** will serve as 1982 Show badge.
Trendsetters **25** **Inner-city market** rediscovered.
At Your Service **28** How to make the most of increased breakfast traffic.
Food for Thought **30** NRA member testifies before Senate committee on the **benefits of SBA loans**.


'82 MAY 22-26, 1982

Walter Conti
NRA Chairman
Conti Cross Keys Inn
Doylestown, PA

1982 NRA membership badge serves dual purpose

Check the mail for 1982 NRA membership cards. These cards, sent to all NRA voting members, will serve as official membership entrance badges to the 1982 NRA Show, May 22–26, 1982, at Chicago's McCormick Place.

Please check these cards for accuracy, and report any corrections to NRA's membership department in Washington, DC.

SHORT ORDERS

NRA schedules human resources conference for June 1982

In order to address one of the most important concerns of industry officials, NRA has scheduled a National Conference on Human Resource Development in Foodservice to be held on June 21–22, 1982, in Washington, DC.

Distinguished experts in industry, education and government will discuss critical human resources issues, including unionization in restaurants, illegal aliens and hiring minorities and the disabled. Additional sessions will cover key areas affecting day-to-day operations, such as training, hiring and performance standards.

Highlighting the two-day conference will be presentations by **Professor Vance Christian** of Cornell University's School of Hotel Administration, **Professor Don Smith** of the Michigan State Hotel School and **Dr. Ken Blanchard**, author of *The One Minute Manager*. Also scheduled is **Dr. Elaine Gagne**, a human resource consultant, who will speak on quality circles, a Japanese technique for increasing productivity.

U.S. Sen. Orrin G. Hatch (R–UT), chairman of the Senate Labor-Human Resource Committee, will host a special evening reception. NRA has also invited **Secretary of Labor Ray Donovan** and **Attorney General William Smith** to address the meeting.

Registration for the conference is set for April 1982. For detailed information, contact **Walter Ashcraft, director of human resources** at NRA's Washington, DC, office.

New operating ratio study is being launched

NRA will launch its annual operating ratio study in February. Each NRA key member is urged to complete the survey and return it as soon as possible. Conducted in cooperation with the accounting firm Laventhol & Horwath, this survey provides valuable operating ratio statistics on the restaurant industry.

Last year's report, *Restaurant Industry Operations Report '81*, contained information by type of restaurant, menu theme and region of the country. We need your help as an NRA member to make the 1982 report even more informative. The greater the response, the more information the survey will provide.

The survey will be mailed to all NRA key members in mid-February and should be returned to Laventhol & Horwath. If you have any questions, please contact NRA's research department in Washington, DC, or call (202) 638-6100.

Market research group to meet in Washington, DC

The next meeting of NRA's Market Research Group will be held in Washington, DC, on Mar. 17–19, 1982.

The program will include presentations from several research suppliers who track consumers' eating out patterns. They will discuss syndicated studies, sanitation, quality and service studies and custom tracking.

The Cornell Restaurant Administration Exercise, a computer tracking exercise or management game, which depicts realistic situations that can arise in operating a restaurant, will be a highlight of the meeting. Participants will have the opportunity to make decisions for each situation presented. The computer provides immediate feedback on the results of those decisions.

NRA's Market Research Group consists of association members who are interested in exchanging information on research techniques and learning about new methodologies. For additional information, contact **Susan Mills, NRA director of research**, in Washington, DC.

WASHINGTON REPORT

USDA issues proposed changes to beef grading standards

At the January NRA board meeting in San Antonio, TX, board members voted to oppose the recently-published U.S. Department of Agriculture's (USDA) proposed changes in beef grading standards. "The proposal announced by USDA simply is not acceptable to the foodservice industry," said **Joe Lee** (General Mills, Orlando, FL), chairman of the NRA Government Relations Committee. "If this proposal were adopted," he added, "it would render the grades nearly meaningless as a reliable and consistent guide to beef quality."

"The standards used prior to 1976 provided the industry with a more reliable and consistent measure for beef cuts," Lee said.

In the Dec. 30, 1981, *Federal Register*, USDA announced its proposal to lower the beef grading standards. The proposed change would reduce marbling requirements and thus allow most cuts of meat to move up a grade. (See accompanying chart.) It would be the eighth time grading standards have been lowered since they were developed in 1916.

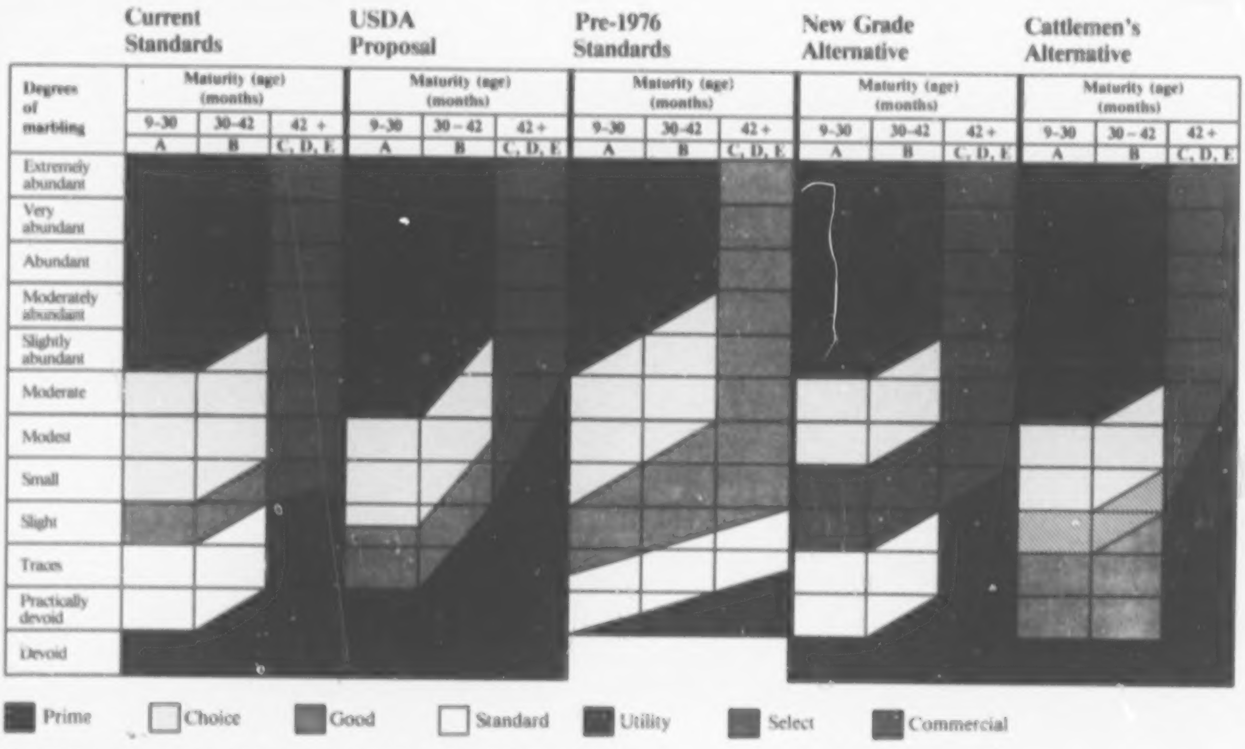
The USDA proposal is similar to one the National Cattlemen's Association submitted to USDA last spring — a proposal opposed by the NRA. (See the January *NRA News*.) Under the USDA proposal, Prime and Choice grades would be lowered and the Good grade would include beef now graded Standard. The Standard grade would then be eliminated.

Palatability will suffer...

NRA has argued on many occasions that these changes will make it more difficult for both consumers and restaurateurs to obtain quality beef. And more importantly, consumers will pay higher prices for grades of meat that now bring a lower price. "Palatability and quality will suffer, yet prices could actually increase," explained Lee.

NRA will testify against the USDA proposal at five regional hearings to be held during this month. USDA will

Beef Grading Comparison Sheet



▨ *This section would be graded either up to Choice or down to Good depending on fat measurement and color. It would become Choice if fat is 0.30 inch or more and not more than slightly yellow.*

hold field hearings in Salt Lake City (Feb. 9), Atlanta (Feb. 11), Washington, DC (Feb. 16), Des Moines (Feb. 22) and Dallas (Feb. 25). Your written comments to the USDA on the changes will be accepted through March.

Specifically, USDA's proposal provides

- The minimum marbling requirements for the Prime, Choice and Good grades in "A maturity" — cattle up to approximately 30 months of age — would be reduced to "minimum moderate," "typical slight" and "minimum traces" respectively.
- All young beef not meeting minimum requirements for the Good grade would be graded Utility.
- The Standard grade would be eliminated.
- The rate of increase in marbling requirements in "B maturity" — cattle about 30 to 42 months of age — would be doubled. The marbling to maturity relationship would be increased from 1:1 to 2:1.
- No changes would be made in Yield grade standards.

Along with the official proposal, USDA published two alternative standards. USDA stressed, however, that these alternatives are not proposals and, therefore, cannot be adopted unless the actual proposal published on Dec. 30 is rejected. An alternative would then have to be published as a proposal, and this would happen only if it receives strong support during the field hearings and comment period.

Alternatives also published. . .

Publishing alternatives to a proposal in the *Federal Register* is not a common occurrence, explained a USDA spokesman. "But we thought some of the more popular proposals we considered warranted publication." USDA published both the original petition by the National Cattlemen's Association (NCA) and a USDA alternative, referred to as the "new grade" alternative.

In the "new grade" alternative (see chart), the Prime grade would remain the same as it is now, while the Choice grade would actually be raised to include only "moderate" and "modest" marbling. A new grade, tentatively named Select, would be created to include "small" and "slight" bands of marbling. Standard would be changed to include "traces" and "practically devoid." Thus the alternative creates a new grade for consumers interested in purchasing leaner beef, while at the same time it preserves the integrity of the higher grades.

The NCA petition — also published in the *Federal Register* — is very similar to the official USDA proposal. The cattlemen's proposal calls for lowering the Prime grade by one full marbling score to include "moderate" beef. Carcasses with "modest" and "small" marbling scores would remain Choice, and those with "slight" marbling would also be graded Choice. Carcasses falling below "slight" would be graded Good.

What do consumers want?. . .

One of the major arguments for change in the standards has been a perception that consumers want leaner beef. This is one of the reasons given by the cattlemen for their proposal of lowering the Prime, Choice and Good grades. NRA and consumer groups have argued that there is plenty of lean beef available in the Good and Standard grades and, therefore, there is no need

Outcome of proposed energy tax credit may depend on member response

NRA needs your help to ensure passage of legislation that would extend energy tax credits to the commercial business sector. NRA joined with a coalition of commercial trade organizations to promote federal legislation that would provide commercial businesses a 20 percent tax credit for investing in energy conservation equipment and insulation. Energy tax credit legislation has been introduced in both the House and Senate, but now cosponsors are needed in Congress to assure that further action is taken on the bill.

Legislation has been introduced in the House by **Rep. Wyche Fowler** (D-GA), a member of the House Ways and Means Committee (H.R. 4912). It is identical to the Senate measure, S. 1288, introduced by **Sen. David Durenberger** (R-MN) and would allow commercial-sector businesses to claim tax credits for purchasing energy-conserving materials and equipment, such as insulation, energy management control systems and retrofitting of existing buildings. The tax credits would be available through 1986. There are now two cosponsors in the House — **Reps. Cecil Heftel** (D-HI) and **James Martin** (R-NC), also members of the Ways and Means Committee.

You can help NRA and the industry in its efforts to secure passage of this measure by asking your congressman to sponsor this legislation. The following message is suggested, but please express it in your own words.

> *My restaurant has been facing higher and higher energy costs in recent years. I believe that commercial businesses can save substantial amounts of energy if they are made eligible for the type of energy tax credits already provided residential and industrial users. In this way, the purchase of energy-saving material and equipment will be encouraged.*
>
> *A bill (H.R. 4912) that would provide such commercial energy tax credits has been introduced in the House by Rep. Wyche Fowler. I urge you to contact Rep. Fowler's office and become a cosponsor of this measure. Enactment of this measure will help the country save energy, provide jobs and reduce costs.*

Remember to use your own business stationery when writing your congressman. Letters should be addressed as follows:

The Honorable ____________
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. (Mrs., or Miss):

For more information on this legislation, contact **Steve Finn**, NRA director of government relations, in Washington, DC.

for lowering the upper grades. NRA sees no reason for sacrificing the integrity of the upper grades when consumers can already buy lean beef at the lower grades.

NRA is especially concerned that the proposed Choice category would be so broad as to include nearly all USDA graded beef. Currently Choice beef includes about 90 percent of all graded beef. With leaner beef now graded Good pushed into this designation, the Choice grade would be useless as a buying guide for both restaurateurs and consumers. Neither restaurateurs — who want marbled beef — nor consumers — who may prefer leaner beef — would know what they were getting if they bought Choice beef.

Cattlemen also argue that the current grading standard forces them to hold most cattle in feedlots longer than necessary in order to allow time for slower developing cattle to acquire the fat necessary to be graded Choice. They say this results in overfeeding of normally developing cattle, which leads to profit losses. NCA argues that lowering the Choice grade would allow cattlemen to decrease their feeding time and, therefore, pass along savings to the consumer. USDA, however, has publicly agreed with the studies NRA completed indicating that feeding time is linked to market prices and that cattlemen hold their cattle in feedlots longer when anticipating price increases. Thus, even with the lower grades, cattlemen may still overfeed their cattle in hopes of obtaining higher prices. The consumer would then be the loser.

Grassroots efforts...

NRA needs your help on this important issue and asks you to write USDA at the following address to express your opposition to the proposal: Livestock, Meat, Grain and Seed Division, Agricultural Marketing Service, 2M-Annex, U.S. Department of Agriculture, Washington, DC 20250.

Written comments will be received by USDA through March 31. Please send a copy of your letter to the NRA's government relations department in Washington, DC.

1981 Farm Bill establishes four-year policy

NRA lobbying efforts pay off

Efforts by NRA and its members paid off handsomely in late December when the 1981 Farm Bill was signed into law. Those members who responded to calls by NRA to contact their legislators about this important legislation can take pride in the fact that many of the changes NRA fought for on Capitol Hill were included in the final bill.

"Our members should be particularly pleased by both their own efforts and those of the NRA's lobbying staff," said **NRA Chairman Walter Conti**. "The costs associated with the original Farm Bill have been whittled down considerably, and our members can take a great deal of credit."

Savings to the foodservice industry alone are expected to reach nearly a billion dollars a year as a result of changes to programs mandated by the 1981 Farm Bill. The bill will be in effect for four years — through fiscal year 1985.

Dairy price supports...

NRA believed as did the Reagan administration that the dairy price support program was too expensive and inflationary. In the beginning of fiscal year 1981, the dairy price support program required that milk be supported at 80 percent of parity. But it became clear to the administration and members of Congress that this level was simply too high. Estimated government expenditures in FY 1981 were $2.2 billion for the program, which was expected to result in the accumulation of over 13 billion pounds of surplus milk products.

The administration announced it favored a reduction in parity levels to 70 percent as well as elimination of the twice-a-year adjustments that had been in effect for years. NRA supported the administration's position. As a result of lobbying efforts by NRA, its members and other food groups, Congress passed a dairy provision that considerably lowered the amount of money farmers can get for surplus dairy products. Dairy prices for the next four years will be set at specific levels which are at or below the 70 percent parity level. (For FY 1982, price supports will be set at $13.10 per hundredweight; for the following three fiscal years, $13.25, $14.00 and $14.601.) Price adjustments will be made once a year rather than twice a year.

Without these changes, restaurateurs could have expected to spend $400 to $600 million per year in increased dairy product prices during the next four years.

Imported meat...

Legislation was introduced in the House and Senate in 1981 that would have imposed trade restrictive inspection, grading and labeling requirements on imported meat. Under current law, all meat imported into the U.S. (about seven percent of annual U.S. consumption) must be inspected. Imported meat that is placed in final containers overseas must show country of origin on the outside of the package. The remaining imported meat — that which is repacked or remanufactured in the U.S. — does not have to be labeled.

The legislation proposed would have required U.S. processed and packaged products that contain imported meat to carry a label stating that imports are contained in the package. The label would have been attached to these products as they moved through the distribution system — even in restaurants and supermarkets. This requirement not only would have posed difficult and costly recordkeeping burdens, but there would have been the additional costs of changing labels or posting notices in restaurants.

NRA, its members and state restaurant associations played an important role in defeating amendments to the Farm Bill that would have included these restrictions. NRA estimates that passage of the original language would have virtually eliminated imported meat to the U.S. and, therefore, would have caused beef prices to rise about nine percent and hamburger prices to jump about 25 percent.

When the Farm Bill went to conference, **Sen. John Melcher** (D–MT), one of the original proponents of the imported meat legislation, was persuaded to sponsor compromise language that was not so restrictive. The final Farm Bill passed by Congress contained no imported meat labeling requirements and no restrictive trade barriers on imported meat.

Sugar price supports...

The 19.6 cents a pound sugar loan provisions in the 1981 Farm Bill, as written by the House and Senate Agriculture Committees, would have been extremely inflationary to the foodservice industry and the American consumer. Out of the 9.5 million tons of refined sugar consumed in the U.S. in 1980, the foodservice industry purchased an estimated 1.1 million tons, or 11.6 percent of the total.

NRA opposed this provision and backed an amendment sponsored by **Reps. Peter Peyser** (D–NY) and **Margaret Heckler** (R–MA) that would have deleted the sugar provisions entirely from the Farm Bill. This amendment was passed by the House but was dropped during conference. After first agreeing to a loan program of 18 cents a pound at the farm, conferees later gave in to pressure from consumer and industry groups and settled on a level of 16.75 cents a pound for 1982, increasing in half steps to 18 cents in 1985. This version was approved by Congress and signed into law by the President. Thus by helping to reduce the level of the sugar program, NRA secured substantial savings on sugar products for the foodservice industry.

Teenage opportunity wage considered

In March of last year, the Senate Labor and Human Resources Subcommittee on Labor seriously considered legislation that would allow employers to hire teenagers at less than the minimum wage as an incentive for hiring unemployed youth. Known as the youth opportunity wage, this legislation would allow employers to pay teens a percentage of the minimum wage for a specific period of time. (See the interview this month with Rep. Erlenborn on the youth differential.)

NRA testified in favor of the youth opportunity wage during labor subcommittee hearings last March. During those hearings three Senate proposals were considered. **Sen. Orrin Hatch** (R–UT), chairman of the full Labor and Human Resources Committee, proposed a measure (S. 348) that would permit an employer to pay 75 percent of the minimum wage to employees under the age of 20 for a six-month period.

Sen. Charles Percy (R–IL) introduced a similar measure (S. 430) that provides an 85 percent differential and an automatic repeal of the differential after three years. **Sen. Don Nickles** (R–OK) has a bill (S. 658) that would exempt employees under the age of 18 from the minimum wage provisions of the Fair Labor Standards Act.

NRA told the subcommittee that it believes these proposals have the "potential to expand youth employment and allow more growth to build the work experience and background teenagers will need to advance in their adult careers."

The restaurant industry is the largest employer of teenagers — 1.5 million or 16 percent of all youth employed in the United States. Yet, as NRA noted, the industry could employ more if the minimum wage were not as high as it is.

Increase in minimum wages cause drop in employment...

"Economists constantly cite the fact that minimum wage increases result in loss of jobs," NRA testified. From 1977 to 1981, the minimum wage increased 46 percent. A study by Chase Econometrics indicates that a 10 percent increase in the minimum wage rate costs the equivalent of approximately 112,000 forty-hour, full-time jobs in the foodservice industry. Applying these figures over the period since 1977, the Chase study indicates that the foodservice industry lost nearly half a million full-time job equivalents.

More teenagers could be hired by foodservice industry...

NRA told the subcommittee that it believes if a youth opportunity wage were enacted, more teenagers would be hired in the foodservice industry. "If our operators could stretch their labor cost budget to encompass more employees, they would do so because they know that more staff means more service, and more service means better business," NRA explained.

Youth opportunity wage legislation has also been introduced in the House. **Rep. Carroll Campbell** (R–SC) has introduced a bill (H.R. 157) that would provide an 85 percent differential for employees under age 20 for a one-year period. H.R. 2001, introduced by **Rep. Paul Simon** (D–IL), provides that employees under age 19 could be paid 85 percent of the minimum for a six-month period. No more than 20 percent of an employer's payroll could be paid at the differential rate. Most recently, **Rep. John Erlenborn** (R–IL) introduced a bill (H.R. 5039) that is very similar to Rep. Simon's. (See interview with John Erlenborn.)

Reagan favors youth wage...

The Reagan administration favors a youth opportunity wage, but it has not yet proposed any legislation in this area. Opponents of the wage include organized labor and the Minimum Wage Study Commission. They argue that employers would displace older workers with lower-paid teenagers.

The Minimum Wage Study Commission, established by Congress in 1977 to study the effects of minimum wage legislation last summer, issued a report decidedly labor-oriented and anti-business in nature. The commission opposed a youth differential, recommended indexing the minimum wage to reflect changes in average hourly earnings in the private sector and that the small retail exemption be eliminated.

Youth opportunity wage becomes issue on Capitol Hill

With youth unemployment at extraordinarily high levels in recent years — particularly among minority teens — NRA has consistently supported the enactment of a youth opportunity wage which would provide more jobs for teenagers. A special youth wage would give employers an incentive to hire teens by allowing employers to pay them less than minimum standards for a short period of time.

U.S. Rep. John Erlenborn (R-IL), who shares NRA's views on this issue, introduced a youth opportunity wage bill last November. A nine-term congressman representing the Chicago suburbs, Erlenborn has served on the House Education and Labor Committee since 1966. He is the second ranking Republican. Here are some of his thoughts on the youth wage issue.

NRA: Could you comment on the youth opportunity wage and H.R. 5039 — the bill you introduced late last year?

Erlenborn: The youth opportunity wage is a concept that has been around for quite some time. It is based on the premise that minimum wage increases tend to cause unemployment among young people. This premise is fairly well proven and is now accepted by both proponents and opponents of the minimum wage law itself.

Generally speaking, a youth differential provides youth some percentage of the minimum wage for a short period of time. My bill includes youth from 16 to 18 and provides them with 85 percent of the otherwise applicable minimum wage. A very similar provision, almost identical to my bill, was offered by **Rep. Paul Simon** (D-IL) to the last minimum wage bill (1977) when it was considered on the floor of the House. It failed in a long count with the speaker's vote breaking the tie.

You can see there is quite broad support for a youth minimum when you have a liberal Democrat offering the amendment. Even with the strong opposition of the labor unions and the Democratic leadership, it was still almost adopted.

Q: One of the arguments used by opponents of youth differential is substitution — that employers would replace older workers with teens in order to take advantage of the differential. Do you believe this is a valid assumption?

A: I don't think the opponents of youth differential even believe that. Anybody with a rudimentary knowledge of the cost of training a person, the costs associated with fringe benefits, with putting someone on the payroll and taking him off again and the bookkeeping costs would realize no money is saved in a business by getting rid of a trained worker and bringing in an untrained worker who is in for six months at a differential. These costs would far outweigh the benefits of paying a lower wage. It is also true, and a lot of businessmen have made this point, you do not hire somebody at the differential and have him working alongside someone who is making way over the minimum wage for the same work.

Q: Despite hearings in the Senate last year and the endorsement of several powerful senators, the youth differential really didn't get very far. Do you think the climate is changing?

A: I think that there is a better chance in the House now although there are two basic problems with the youth differential at this time. One is that not all businessmen will be able to utilize the youth differential. In some industries it

CONG. ERLENBORN

Rep. John Erlenborn (R-IL)

really would not have much of an application. For example, no industry in which entry wages are already set by either union agreement or other devices would push Congress for a youth differential because it wouldn't mean anything to them.

The second reason is that many businessmen would rather not raise the specter of the youth differential because they fear that would trigger an increase in the minimum wage.

Q: Do you think that perception is justified on the part of business? Could a push for youth differential open up the whole issue of minimum wage?

A: There is no question about it. Neither the basic minimum wage nor the youth differential, practically speaking, can be considered separately. As soon as you got a bill for one on the floor or in committee, it would be subject to amendment by the other.

Q: When do you think the minimum wage issue will come up again?

A: I would say that the basic minimum wage issue may not come up again until after the November election. That would be 1983 or even later.

Q: What were your feelings about the Minimum Wage Study Commission's findings? As you know, they came out against the youth differential and took a generally prolabor stand.

A: The commission was loaded by the appointments made by former **President Carter**. In my opinion, much of the underlying work the commission did was quite valid. But much of that work got buried or was ignored in the final recommendations. I think they took the conclusions they reached before the study began and used them to draw the majority report. They obviously ignored a great deal of other good, valuable evidence.

Q: You really would not give much credence to the recommendations made by the report then?

A: No, I really would not. As I say, I don't think the recommendations were based on a valid study but merely were the conclusions of the majority. They went through the sham of the study to back up a report they could have written before they began.

Q: Do you think that the credibility problems are so great that even proponents of the commission's findings are reluctant to use the study to support their point of view?

A: Yes, it's that, and it's also the fear of the youth differential, which I mentioned earlier. They almost seem to be afraid to bring up the issue of the minimum wage at this time. Even the AFL-CIO has not been pushing for it. They have given the issue a little bit of lip service, but they have not pushed for it in their legislative program.

Q: How do you feel about some of the other employment programs, such as the targeted jobs tax credit (TJTC) which involve incentives for businessmen to hire certain groups of people that are characterized by underemployment?

A: I think there is probably some merit to these programs, and they may have application to other business contexts where the youth minimum would not.

Q: Would you support another extension of the TJTC?

A: Probably. I haven't given that too much thought, but very likely I would. I think it would depend on what Congress might find in oversight as to how useful TJTC has been in creating jobs and whether there have been any abuses. I just don't know all the facts yet.

Q: Would you like to see government get away from publicly funded programs, like the Comprehensive Employment Training Act (CETA) to more private sector involvement?

A: I think that there is a role for both the government and the private sector. I think CETA make-work jobs, the public employment jobs, made very little sense, and I am glad to see that by and large through last year's budget reconciliation process we have almost done away with them. But I think the government can still play a role, together with the private sector.

I think one of the problems has been the large stipend attached to job training. This sometimes encourages people to move from one training job to another without ever seeking full-time employment, just to get the stipend. I know there have been some recommendations recently out of the Office of Management and Budget (OMB) and the Department of Labor (DOL) to eliminate the fairly generous stipends and provide only job training that leads to meaningful work in the private sector.

Q: The administration's proposal for creating urban enterprise zones appears to be a back-door way of creating new jobs. Do you have any opinion on that particular concept?

A: I'm looking at it, but I have really not passed judgment on it. I can see many problems associated with urban enterprise zones which I would like to have answered before I decide. It may not necessarily create new jobs but just move jobs around. We have done a lot of that in the past with public financing and tax-free revenue bonds — helping to finance a company moving from one location to another. Many times we do not create any new jobs we just move them around.

Q: It seems like the last session of Congress was all budget and taxes. What do you think it will be this year?

A: Unfortunately, we should be concentrating on an even more difficult aspect of controlling the federal budget. We have not yet attacked the entitlement programs, and they are the most important if we are ever to get the budget under control. We will have to look at programs like Social Security, food stamps, unemployment compensation and many other entitlement programs in which we have already experienced rapid increases which are wiping out the gains that we made by reducing or eliminating appropriations in non-entitlement programs. If we are ever to get the budget under control, this is what we'll have to do, and this year will be none too soon.

Rep. James Wright (left) listens to NRA Directors Ella Brennan and Ralph Evans discuss industry issues.

Congressman Leoffler addresses NRA-PAC.

THE BOARD ROOM

Congressmen praise NRA-PAC

During the January meeting of the NRA Board of Directors in San Antonio, both Democratic and Republican congressmen praised the NRA-PAC. **House Majority Leader James Wright** (D-TX) and **Rep. Tom Leoffler** (R-TX) both urged the foodservice industry to continue its grassroots participation in public affairs.

Rep. Wright argued that the foodservice industry should continue to play a central role in determining the economic policy of the U.S. "You are dependent on disposable income and, therefore, directly influenced by fluctuations of the economy. Congress should listen to people like you who have a finger on the economic pulse of the nation," Wright told the board.

Wright explained that Congress was committed to reviving the American economy, lessening the burden of regulation and curtailing unnecessary government expenditure. "Interest rates must be brought down to a livable level," he added. "If not, all the things that have been done to stimulate economic growth will be still-born."

Wright said that action through the NRA-PAC was essential. Rep. Loeffler agreed. "We are a participatory democracy," he said. "The only way to get programs which will foster the growth of your business is to let your ideas be known in Washington."

Through PACs, NRA and other associations have helped elect responsible leaders, Loeffler said. "As a result, you give Congress the opportunity to rejuvenate the economy."

"Keep it going," Loeffler advised the NRA board. "Back candidates who understand the problems of business and particularly the foodservice industry come to our offices and tell us your thoughts and concerns."

Loeffler expressed confidence in the Reagan economic plan. "We have to work to keep the program," he said. "Reduction in federal spending will lead to a reduction of inflation and an opportunity to reverse the trend of 'working harder to get behinder!' "

For further information on the NRA-PAC, call the NRA government relations department in Washington, DC.

Impeciato and Hasslocher talk to cattlemen

NRA board members have taken the association's message to the cattlemen. They have explained why the association opposes changes in the beef grading standards proposed by the U.S. Department of Agriculture (USDA).

Speaking to the Georgia Cattlemen's Association in January, **NRA Director Victor Impeciato** (Vittorio's, Atlanta, GA) said, "Restaurateurs buy 25 percent of your product. If the proposed changes are made to the grading system, we will find it difficult or impossible to locate the quality of beef we require in the quantity we need."

NRA Director G. "Jim" Hasslocher (Frontier Enterprises, San Antonio, TX) brought a similar message to the Mississippi Cattlemen's Association. Hasslocher emphasized NRA's concern about problems faced by the cattle industry. "But you cannot solve these problems by changing the grading system and driving away loyal customers. We fear these changes would hurt the cattle industry in the long-term."

USDA proposals for changes in the grading system were prompted by a petition from the National Cattlemen's Association. The actual proposals, however, are not identical with changes requested by the cattle industry. (See article on proposed beef grading standards in this month's Washington Report.)

Hasslocher addresses cattlemen.

THE
JOHN L. HENNESSY
AWARD

Board member believes in community involvement

In 1940, a program was developed to motivate the U.S. Air Force to provide better foodservice facilities for the enlisted men. Each year, the Air Force command that is judged to have the best foodservice program receives an award — named after one of the nation's most capable and respected hotel restaurant executives, **John L. Hennessy**. NRA sponsors the program.

Roger Anderson, NRA board member and owner of Robbie's Restaurant, Inc., in Great Falls, MO, plays an active roll in supporting Malmstrom Air Force Base's efforts to win the Hennessy. "We realize that Malmstrom Air Force Base is one of Great Falls' basic industries and a viable part of our community. Helping Malmstrom win the award is just one way of showing our appreciation to the Air Force for being here," explained Anderson.

Anderson, his restaurant and his entire community must be doing something right. Malmstrom Air Force Base won the Hennessy in 1977 and again in 1978 and has a good chance of winning it for the third time in 1982. They have already won the two preliminary evaluations.

Anderson explained the program that he and the Great Falls community have set up to aid Malmstrom Air Force Base's victory. "Starting in 1977, we took the enlisted men who were cooks out at High Plains Inn — Malmstrom Air Force Base's foodservice facility — and placed them in Robbie's Restaurant for two weeks. One person at a time, they go through the community training program, which consists of acquiring foodservice techniques.

"The first week, the enlisted man learns how to prepare sauces, soups, gravies and meats. The second week, short order cooking is taught at Robbie's. From Robbie's, the cooks are placed in a hotel foodservice operation where they learn hors d'oeuvres preparation, garnishings and ice carvings. They then go to the Mexican restaurant and learn the techniques of Mexican cooking and on to the fast food operation to learn about that. When the enlisted cooks have acquired all these techniques, they go back to their base and apply this knowledge to their own facility. A vigorous inspection follows," explained Anderson.

Hennessy — a coveted AF award...

The Strategic Air Command (SAC), headquartered in Omaha, NE, sends out an evaluation team that visits 25 Air Force bases. Out of these 25 bases, five are selected to be preliminary winners. At this time, another evaluation team is selected from the Omaha headquarters to review the five preliminary winners. One winner is chosen from these five bases to compete for the Hennessy award. At this point, NRA sends out its team of experts which tours the eight commands worldwide and judges the foodservice operations.

If Malmstrom Air Force base wins in 1982, it will be the third time, and they will receive the Hennessy trophy, which is awarded at the NRA Show in Chicago. NRA sponsors a special Hennessy award luncheon for the winners.

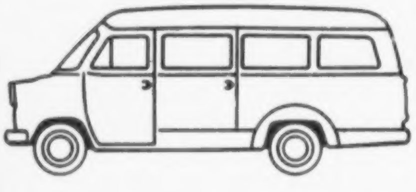
Anderson says, "It is an exciting program for Robbie's, the Great Falls community and the Malmstrom Air Force Base. We feel that everyone involved is benefitting, and we are having a lot of fun doing it. Everyone at Great Falls is pulling for Malmstrom Air Force Base."

The 1982 evaluation team members for the John L. Hennessy Award include NRA Director Michael O'Neal, The Ginger Man Group, New York, NY (left) and NRA Past President Martin L. Horn, Jr., The Horn Family Restaurants, West Orange, NJ. Other members of the team are Edward Manley, (Broward County Hospital, Fort Lauderdale, FL) representing the International Food Service Executives Association and Richard Ysmael (Motorola, Inc., Schaumburg, IL) representing the Society for Foodservice Management, Inc.

THE LAW

Van pooling — an interesting employer-employee fringe benefit

Ordinarily an employer must pay an employee wages for driving vans or buses owned or rented by the employer to transport other employees to and from work. Payment is due regardless of whether the employee driving has been selected by the employer or has volunteered to do so without pay in order to get free transportation wages.



However, there are circumstances under which payment of wages for van or bus driving is not necessary. It is called van pooling and has been successfully instituted by many companies.

Under a van pooling program, the employer first surveys his employees to determine how many would be interested. The employer then maps out the residence locations of those employees. Passenger vans are purchased or leased by the employer, and the interested employees are grouped into pools according to geographic areas. A committee of these employees then interviews persons who might be interested in serving as pool coordinators or pool drivers.

The coordinator, with the help of the pool members, then determines routes and pick-up times, much as in an ordinary car pool. The pool coordinator keeps the van at his home, having use of the van during his off-hours and on weekends at a specified per mile rental rate. Participating employees pay fares calculated to cover the employer's acquisition and operating costs. The coordinator-driver may retain funds (fares) received from passengers in excess of the required eight-passenger minimum.

Employer plays minimum role. . .

The program is intended to provide transportation, primarily for the benefit of participating employees. Participation is entirely voluntary, and the employees are free to accept or reject the arrangement at any time; the employee-driver is chosen by the participating employees, who also control the pick-up times and the route. The employer has virtually no control over the arrangement and is under no contractual obligation to provide such transportation. Under these circumstances, the time spent by those employees who drive the commuter vans would not constitute compensable hours of work within the meaning of the law.

Tax refunds available under the Rowan decision

On June 8, 1981, the U.S. Supreme Court in the case of *Rowan Companies, Inc. vs. U.S.* held that the value of meals provided for the convenience of the employer are not wages for purposes of the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA) or federal income tax withholding. As of that date, employers were authorized to stop paying those taxes and could request refunds of taxes paid for the previous three years. On Dec. 3, 1981, the IRS issued Internal Revenue Procedure 81-69, which outlines procedures to be followed in claiming refunds.

How do I get a refund or credit?. . .

A refund can be applied for by filing either (1) a claim for refund (IRS form 843), or (2) a credit, obtained by making an adjustment on the current employer's quarterly federal tax return (IRS form 941). Before you file any forms, you must analyze your payroll records and determine the amount of FICA and FUTA taxes attributable to the value of meals provided. If the employee's other wages were more than the maximum FICA earnings for the analyzed year, no refund or credit can be claimed. The maximum FICA wages for 1978–1981 are

year	maximum FICA earnings
1978	$17,700
1979	$22,900
1980	$25,900
1981	$29,700

When should I file my claim?. . .

Ordinarily, to claim a Social Security refund, you have three years after April 15 in the year in which the taxes were paid. Therefore, you would file an overpayment claim by April 15, 1982, for the FICA taxes you have paid in 1978 and subsequent years.

In certain cases, you may wish to claim a credit for overpaid FICA taxes instead of applying for a refund. If you choose that course of action, the credit is claimed on the employer's quarterly federal tax return (Form 941) in the calendar quarter in which the error was discovered.

FUTA refunds—There is a set time for claiming federal unemployment taxes. In most instances, the time period is three years. You are required to file IRS form 843 by Jan. 31 of the year directly following the calendar year covered by IRS form 940. For example, to claim an overpayment refund of 1978 federal unemployment taxes, you must file your claim by Jan. 31, 1982.

STATE DEPARTMENT

Henry Montague defines importance of association involvement

Henry A. Montague has served the foodservice industry with distinction in various professional and volunteer capabilities. Monty—as he is known by his friends—is a graduate of Cornell University's School of Hotel Administration. His career has spanned positions from general manager of the Pentagon Building Food Service, Washington, DC, to president and chairman of the board of Greyhound Food Management, Detroit, MI. Additionally, he was elected chairman of the board of the Michigan Restaurant Association (MRA) and, in 1962, industry leaders selected him as president of the National Restaurant Association.

Coaxed out of retirement in 1973 by his fellow Michigan foodservice operators, Monty accepted the challenge of running the Michigan Restaurant Association as its president. Last year, the International Society of Restaurant Association Executives (ISRAE) chose him to head their organization.

With his extensive background in foodservice, Monty offers a unique and authoritative perspective on the industry and the role of an association executive.

NRA: After a full and successful corporate life, why did you decide to manage a state restaurant association?

Montague: When I left Greyhound Foodservices, I thought I had retired; however, the MRA was faced with the sudden loss of their executive and asked that I temporarily step in while they searched for a new one.

I am most happy that they decided not to look very hard. It has been almost eight years since I came to MRA, and I still have the privilege of heading a great association, directing a fine staff and continuing to work in the field in which I have been involved for over 47 years with some of the greatest people in the world — restaurateurs.

Q: With your perspective as both a corporate leader and an association executive, how would you contrast the job responsibilities?

A: The responsibilities are the same except that we as an association depend on our many volunteers for success in addition to directing the activities of our professional staff. Much of our success depends on the support and input that we are able to get from these volunteers.

Q: What is the value of the state restaurant association to the foodservice operator?

A: As the federal government moves control of spending and programs out of Washington and into the state capitals, as well as into individual communities, I feel that the work and involvement of the local association will be very important. In order to meet President Reagan's objectives, local legislative bodies will have to solve more of their own problems, and we as a state association have got to see that they do it in a way that is fair to our industry.

Q: You have a perspective of the industry that many of us don't share. Over the years, how have you seen the food industry change?

A: I think one of the most important changes has been on cost priority. When I first started in the industry, we based our success or failure on food costs. Later, labor costs came into the picture, and gradually we had to assume that our operation's success depended on combined food costs and labor costs. Suddenly, utilities have reached the same priority as food and labor costs, and utilities will continue to climb. This is an expense that we will have to deal with. We will have to find the answers before we can continue to run successful operations. I also feel that our customers are much more knowledgeable. There is also a greater desire to dine out than there was many years ago.

Henry Montague

Q: What will be the major issues of the 80s for the restaurateur?

A: Local taxation and control, more sophisticated customers and the need for making dining out an experience rather than just a meal.

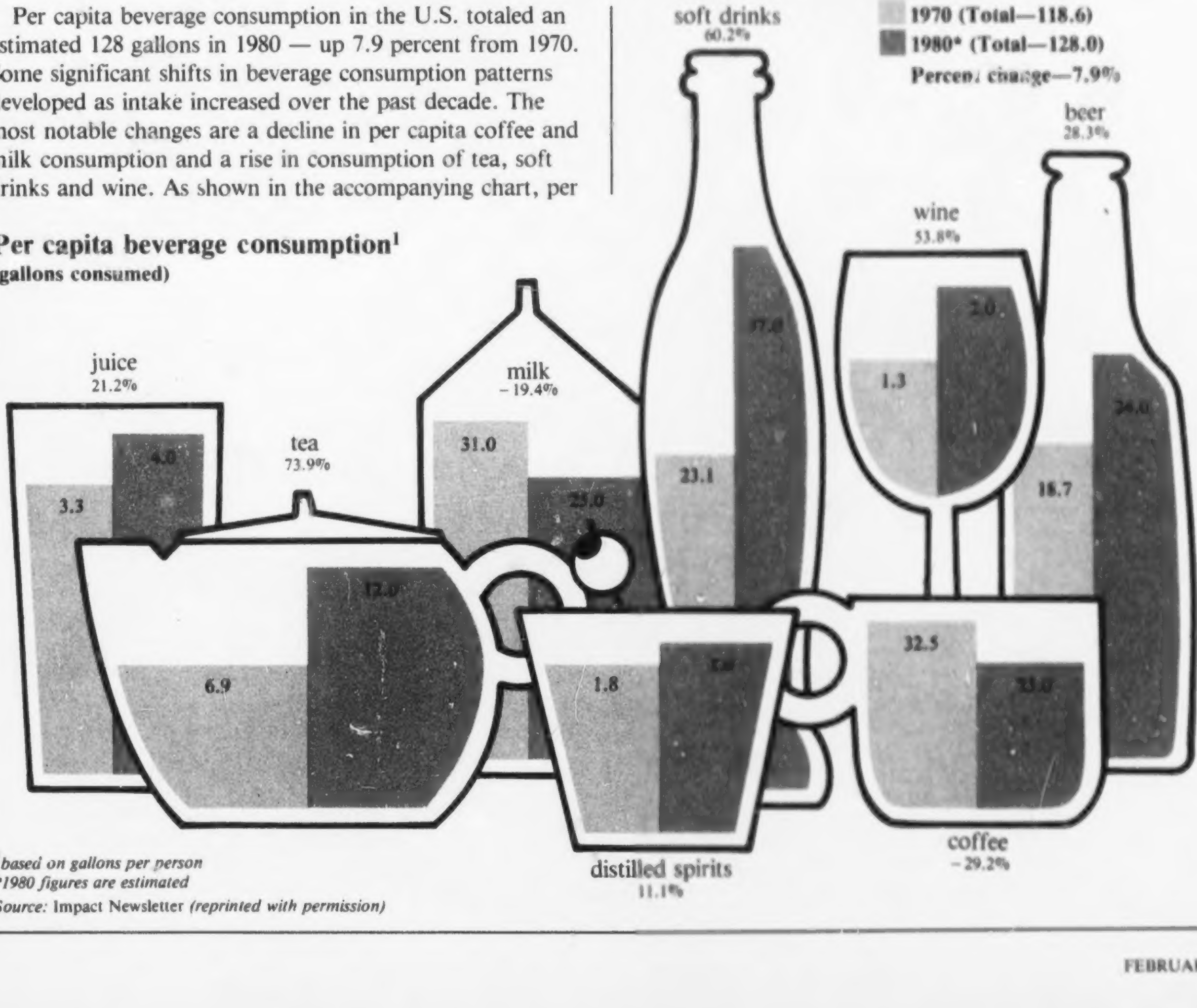
Q: What is the value of NRA to the state association?

A: Of course, what immediately comes to mind is representation in the federal capital where so much occurs that concerns our industry. If we didn't have an NRA defending our position, we would be almost helpless as individual associations. The educational facilities of NRA are also important. I believe it is very important for NRA to continue to do research and provide information to state executives and to state associations. We are always proud to have NRA act as our national representative of the industry, and in their promotion of our industry, I feel that they strongly promote the importance of the state associations.

FOODSERVICE TRENDS

Beverage consumption continues to increase

Per capita beverage consumption in the U.S. totaled an estimated 128 gallons in 1980 — up 7.9 percent from 1970. Some significant shifts in beverage consumption patterns developed as intake increased over the past decade. The most notable changes are a decline in per capita coffee and milk consumption and a rise in consumption of tea, soft drinks and wine. As shown in the accompanying chart, per

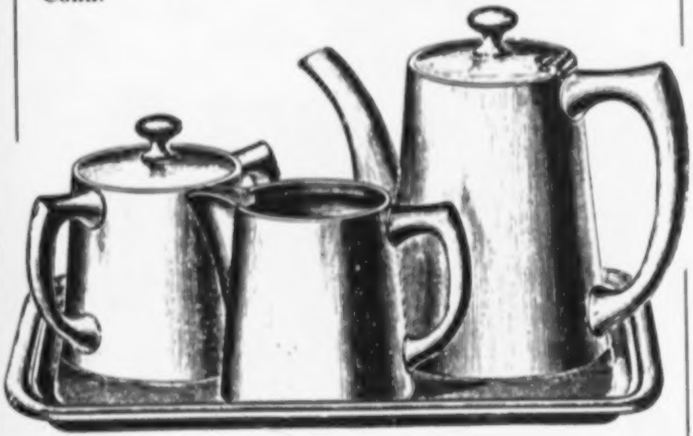


Per capita beverage consumption[1]
(gallons consumed)

[1] *based on gallons per person*
**1980 figures are estimated*
Source: Impact Newsletter *(reprinted with permission)*

capita consumption of tea and soft drinks experienced the most rapid growth — 74 percent and 60 percent respectively. Per capita consumption of wine now totals 2.0 gallons — up 54 percent from 1.3 gallons in 1970.

In contrast, milk consumption has dropped from 31 gallons per person in 1970 to 25 gallons in 1980. Per capita coffee consumption now totals 23 gallons — down 29 percent from 32.5 gallons in 1970. "A combination of the increased awareness of the relationship between diet and health among consumers, the lowering of the drinking age in many states and a more sophisticated beverage consumer are responsible for much of the change in the type and quantity of beverages Americans consume," explained **NRA Chairman Walter Conti.**



Beverage consumption varies significantly by meal occasion and restaurant type, according to analysis of recent CREST* data. (See January 1982 Foodservice Trends for beverage consumption in dinner houses.) Consumption also differs by demographic characteristics, such as age, sex, household income and region of the U.S.

Coffee is the most popular breakfast beverage. . .

Coffee is the most popular beverage at the morning meal — ordered at 51 percent of the breakfasts. Fruit or vegetable juice and milk are also popular at morning meals — ordered at 18 percent and 9.4 percent of the breakfast occasions, respectively. Results from a recent Gallup survey concur that coffee and fruit juice are the most popular breakfast drinks.

CREST data also revealed that coffee is again the most popular morning snack drink — consumed on almost 39 percent of these occasions.

Coffee is particularly popular at family restaurants and coffee shops — ordered on 38 percent and 31 percent of the occasions respectively. Family restaurants account for the largest share of the breakfast market and, therefore, serve the largest amount of coffee. (See "Breakfast market share increases" in this issue.)

Findings from an NRA/CREST study on the demographics of menu items ordered reveal that among those who visit restaurants, coffee is ordered most frequently by individuals age 50 to 64, accounting for nearly 37 percent of the occasions on which coffee was consumed in restaurants. Persons age 65 and over also order coffee on a disproportionately large share — 20 percent of the occasions. Males order coffee more frequently than females — 55.3 percent versus 44.7 percent respectively.

The amount of coffee consumed in restaurants also differs by household income. CREST panel members from households with incomes of $30,000 and over account for almost 29 percent of the coffee orders. Customers from families with incomes of $25,000 to $29,999 consume a smaller portion, 11.5 percent, of the total orders.

Coffee most popular in north. . .

Results from the SIP Study (Share of Intake Panel) on beverage consumption, conducted for *Impact Newsletter* by National Family Opinion, Inc., found that restaurant patrons from the north central region consume the most coffee —

Beverage servings by restaurant type

	Non-alcoholic beverages		
	coffee	diet soft drinks	regular soft drinks
Fast food	6.6%	4.8%	34.7%
Family	31.2	2.7	19.8
Take out	5.4	3.3	22.8
Cafeteria	28.4	4.8	18.1
Coffee shop	37.6	2.2	13.2
Atmosphere/specialty	18.0	2.6	17.4

Note: Percent represents percentage of occasions on which beverage was ordered in an average two-week period, September 1980 through August 1981.

Source: CREST, NPD Research, Inc.

---

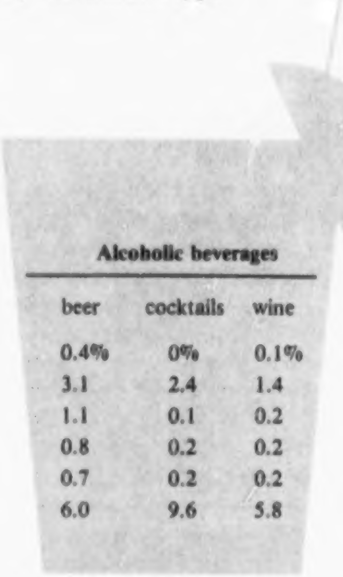
*Consumer Reports on Eating Share Trends

29.4 percent. The western region has the lowest consumption rate — 20.3 percent.

Soft drinks ordered most frequently at lunch...

Soft drinks, both regular and diet, are the most popular lunchtime beverage — ordered on 32.5 percent and 5.4 percent of the occasions respectively. Tea is also a popular beverage at lunch — ordered on nine percent of the occasions.

Beverage servings by restaurant type



	Alcoholic beverages		
	beer	cocktails	wine
Fast food	0.4%	0%	0.1%
Family	3.1	2.4	1.4
Take out	1.1	0.1	0.2
Cafeteria	0.8	0.2	0.2
Coffee shop	0.7	0.2	0.2
Atmosphere/specialty	6.0	9.6	5.8

Note: Percent represents percentage of occasions on which beverage was ordered in an average two-week period, September 1980 through August 1981.

Source: CREST, NPD Research, Inc.

Soft drinks are particularly popular at fast food restaurants, where they are ordered 40 percent of the time. Fast food restaurants account for a relatively large share of the lunch market, which contributes to their large proportion of soft drink servings.

Diet drinks more popular among females...

Diet soft drinks are most popular among restaurant patrons age 25 to 49. This group orders diet drinks on a disproportionately large share of the occasions, whereas children under 12, teenagers and those age 18 to 34 are heavy users of regular soft drinks. Analysis of the CREST data indicates that females consume diet soft drinks more frequently than males who show a preference for regular soft drinks. Female restaurant patrons order diet soft drinks on 64 percent of the occasions while males order diet drinks on only 36 percent of the occasions. Regular soft drinks are ordered by males on over half — 51 percent — of the restaurant occasions while female orders account for 49 percent.

CREST data revealed that soft drink consumption also varies by income level. Panel members from families with an income of $30,000 and over are heavy users of diet soft drinks whereas those from families earning between $10,000 and $25,000 show a preference for regular soft drinks.

The SIP study found that people in the southern region of the U.S. account for the largest share of total soft drink consumption — 39 percent — while the western region consumes the smallest share, 14.3 percent.

Alcoholic beverages popular at the evening meal...

Alcoholic beverages, including beer, wine and cocktails, are ordered most frequently at supper. Cocktails are the most popular alcoholic beverage at dinner — ordered on 3.5 percent of the occasions. Beer is ordered on 3.0 percent of the supper occasions while wine is ordered on 2.1 percent of the dinner occasions.

The NRA consumer survey on *Attitudes Towards Alcoholic Beverage Service in Restaurants* also found that consumers order alcoholic beverages most often at supper. Forty percent of the respondents indicated they order alcohol, other than beer or wine, at dinner while only 14 percent indicated they do so at lunch.

Alcoholic beverages are ordered most frequently at atmosphere/speciality restaurants. Cocktails are ordered on 9.6 percent of the occasions at this restaurant type, followed by beer on 6.0 percent of the occasions and wine on 5.8 percent of the occasions.

The NRA/CREST study on the demographics of menu items ordered reveals significant differences in servings of alcoholic beverages by sex. Male restaurant clientele account for a disproportionate share — 76 percent — of the occasions on which beer is ordered while females order beer only 24 percent of the time. Females show a preference for cocktails and wine, accounting for over half — 52 percent — of the occasions on which cocktails are ordered and 55 percent of the time wine is ordered.

Alcoholic beverage consumption varies by age group and and income level. CREST data show that panel members age 25 to 64 and those from families earning $25,000 and over are heavy users of alcoholic beverages, such as beer and wine.

Consumption of alcoholic beverages also varies by region of the U.S. The southern region accounts for the largest share — 32 percent — of total consumption of ale or beer while the western region has the smallest consumption proportion — 15 percent. The SIP study found that Southerners also consume the largest proportion — 31 percent — of the distilled spirits. The western region, however, has the largest proportion of wine consumption at 30 percent.

Breakfast's market share continues to increase

Breakfast is becoming a more popular restaurant meal. Many operators are adding breakfast items to their menus to build customer counts, while others have started to expand their hours by opening during the breakfast period. As a result, breakfast was the only meal occasion with increased traffic counts during 1979–1980. The morning meal also posted the largest rise in customer counts for the most recent CREST* year (September 1980–August 1981) — up 5.8 percent. Changing demographic and life-style trends, which put more emphasis on convenience and eating out, have spurred the growth in the breakfast market.

The morning meal accounts for a continually increasing share of CREST sales — 5.5 percent in the September 1980–August 1981 period. This rise is up from 5.1 percent during the year-earlier period and 4.8 percent in the 12-month period ending August 1979.

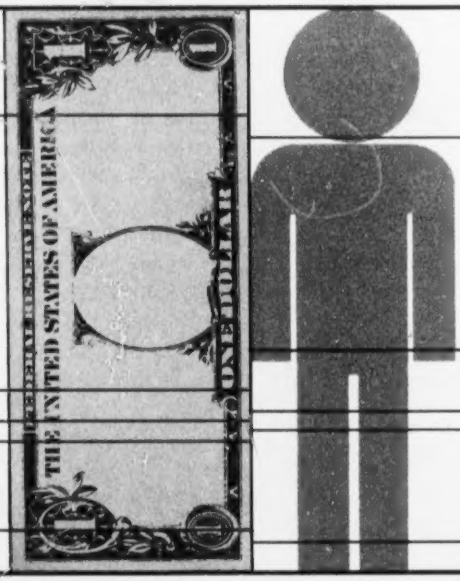
Breakfast's share of customer traffic has also been on the upswing, accounting for 7.5 percent of eater occasions in the most recent year, up from 7.2 percent during the 12-month period ending August 1980 and 6.7 percent in 1979.

"A combination of the increased availability of a convenient breakfast as more restaurants have added the meal to their menu, increased awareness of the nutritional importance of breakfast and a positive price/value relationship accounts for the upswing of customer counts in restaurants," explained **NRA Director of Research Susan Mills.**

Family restaurants have largest share of breakfast market. . .

Family restaurants account for the largest share of the breakfast market followed by fast food restaurants and coffee shops. (See accompanying chart.) In the CREST year ending August 1981, family restaurants accounted for 48.3 percent of breakfast sales and 37.4 percent of customer counts. Fast food restaurants accounted for 19.3 percent of sales and

Share of breakfast market by restaurant type

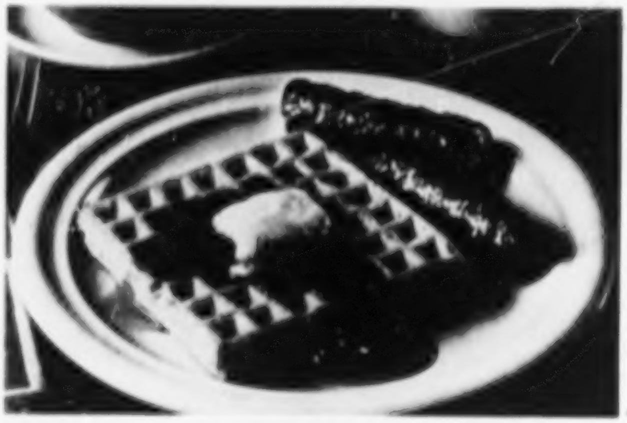


	percent of dollars	percent of traffic
Fast food	19.3%	23.3%
Family	48.3	37.4
Take out	5.3	10.6
Cafeteria	3.6	3.9
Coffee shop	15.5	19.1
Atmosphere/specialty	8.0	5.7
	100%	100%

Source: CREST, NPD Research, Inc.

---

*CREST — Consumer Reports on Eating Share Trends



23.3 percent of eater occasions while coffee shops held 15.5 percent of sales and 19.1 percent of traffic.

Although family restaurants have accounted for the largest share of the breakfast market for the past few years, their share of traffic has increased only moderately, and their share of sales has declined slightly. Breakfast business going to cafeterias, coffee shops and atmosphere/specialty restaurants has also declined over the past two years.

Fast food share expands...

Fast food outlets are posting the strongest gains in the breakfast market. Their share of breakfast sales has increased almost 30 percent — from 14.9 percent of the market in 1979 to 19.3 percent in 1981. The fast food share of traffic has also increased, rising 25 percent from 18.6 percent of the market in 1979 to 23.3 percent in 1981.

An increasingly large proportion of fast food restaurants are including the morning meal on their menu. This trend, along with the lower average check size and the convenience factor of fast food restaurants, most likely accounts for the growing share of the breakfast market moving to fast food facilities.

Males and people age 22 to 40 eat breakfast out frequently...

Males are much more likely to eat out for the morning meal than females. Eighteen percent of the males surveyed had eaten breakfast away from home at least once in the past week compared to only 12 percent of the females, according to the *NRA Meal Consumption Behavior Study*.

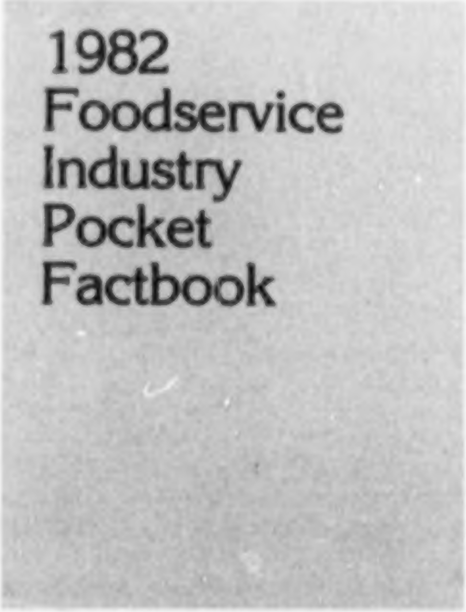
People age 22 to 40 also eat breakfast out more frequently than other age groups. Eighteen percent of those surveyed in this age group reported they had eaten breakfast out at least once in the past week, compared with 16.6 percent of those age 41 to 64 and 11.8 percent of those age 21 and under. "Since a large proportion of males and those age 22 to 40 participate in the labor force, they are likely to find eating out for the morning meal easier and more convenient," according to Susan Mills.

NRA's meal consumption survey also revealed that people from small households — only one or two members — eat breakfast out more frequently than those from larger households. Eighteen percent of those who live alone and almost 17 percent of those from two-member households reported they had eaten breakfast out at least once in the past week. This compares to only 12.3 percent of those from households with five members and almost 14 percent of those from four-person households.

Trends favor breakfast...

"The morning meal's share of traffic and sales should continue to grow," predicted Mills. Demographic trends, including the increasing age of the population, a rise in the number of one and two-person households and the continued increase in the number of working women, should benefit the restaurant industry in the 1980's.

The increase in the number of working women is especially significant. The labor force participation rate for women 16 years and over is forecast to increase from 51.5 percent in 1980 to 58.7 percent in 1985 and 63.2 percent by 1990. These demographic groups, which are expected to expand most rapidly are the same ones that are most likely to eat breakfast away from home.



1982
Foodservice
Industry
Pocket
Factbook

Fold up the attached factbook put together by NRA and keep it in your wallet. It is handy for responding to media questions, as well as getting a general idea of how the foodservice industry is faring.

Commodity spotlight — price and availability forecast

Wholesale food prices remained unchanged in December 1981 from the month earlier, according to the Bureau of Labor Statistics' *All Food, Producer Price Index*. However, wholesale food prices for restaurant operators rose slightly, 0.5 percent, during the same one-month period. Higher prices for fresh vegetables, fruits and juices and fish and shellfish contributed to the increase in food costs for restaurant operators during this one-month period.

In 1981, overall wholesale food costs rose at a slightly faster rate than food costs for restaurant operators. The Bureau of Labor Statistics' *All Food, Producer Price Index* averaged 3.1 percent higher while the NRA Food Cost Index rose 3.0 percent from the same period a year ago.

Vegetables — The recent freeze in Florida damaged the mature tomato and green pepper plants in the southeastern and southwestern portions of the state, however, the younger plants survived. As a result USDA economists expect tighter supplies and higher prices through late February. Lettuce prices and supplies will not be affected as most of the winter production is from California's Imperial Valley.

Area for processing vegetables declined in 1981 — down three percent from the prior year. Retail prices for most processed vegetables will average moderately higher in the first half of 1982, reflecting tighter supplies and higher processing and marketing costs.

Fruit — It is too early to determine the extent of the freeze damage to Florida citrus crops, according to USDA Economist Ben Huang. However, early reports indicate 80 percent of the orange crop was ice covered. As a result, juice yield will most likely be lower and higher prices can be expected for frozen concentrate. Prices for fresh oranges are also expected to be much higher due to the recent freeze in Florida and the smaller crop harvested in the 1980-1981 season.

Beef — USDA estimates beef production will total 5,550 million pounds in the fourth quarter of 1981 — a decline of 0.6 percent from the same period a year ago. Producers are bringing fewer grain-fed cattle to market, however, the number of grass-fed marketings is increasing. Grazing conditions have improved and producers are reducing the number of feedlot placements. As a result, larger supplies of cheaper meats, such as hamburger, can be expected.

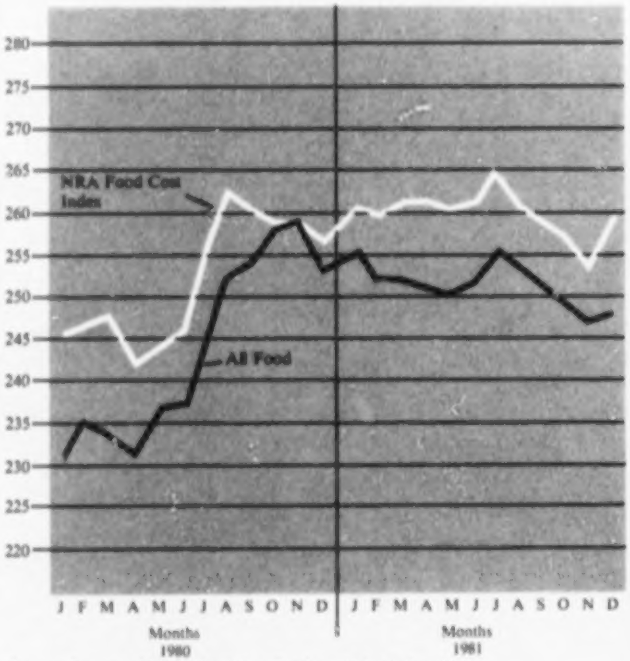
Prices for Choice steer at Omaha are forecast to average $61 to $63 per hundredweight in the final three months of 1981 — a decline of 5.4 percent from $65.51 in the same period in the prior year. Prices in the first half of 1982 are expected to range in the mid-$60s — little changed from a year ago. The weak economy held down livestock prices in 1981 as consumers opted to buy less expensive poultry products instead of beef.

Pork — Pork production is expected to decline five percent in the fourth quarter of 1981, and USDA forecasts output will continue to decline 10 percent in the first half of 1982.

Hog prices are expected to average $43 to $45 per hundredweight in the October-through-December period, a decline of 5.3 percent from $46.44 in the same quarter in 1980. USDA forecasts prices will range in the mid-$40s in the first half of 1982, up slightly from $42 in the same period in the prior year.

Broilers — Broiler output is forecast to increase in the final three months of 1981, however, it will be at a slower rate than in previous quarters. Production is estimated to rise four percent in the October-through-December period of 1981, compared with a gain of 10.5 percent in the prior quarter. The National Broilers Council expects poultry producers will continue to expand output in response to lower

**NRA's Food Cost Index vs.
All Food, Producer Price Index**



Source: Bureau of Labor Statistics, Producer Price Index, NRA pork production. They estimate output will increase three percent in the first quarter of 1982 from the period a year ago. Production is also expected to rise in the second quarter, up four percent from the same period in 1981.

Broiler prices are expected to average 42 to 44 cents per pound in the final three months of 1981, a decline of almost 14 percent from 49.9 cents per pound in the same period a year ago. USDA estimates prices will continue to fall during the first quarter of 1982 as they are forecast to average 46 to 50 cents per pound, down three percent from the same period in 1981.

Eggs — USDA estimates egg production will total 1,475 million dozen in the fourth quarter of 1981, down 0.5 percent from the year earlier level. Production in 1981 is expected to fall only slightly, 0.5 percent, below the prior year's level.

Egg prices are forecast to average 78 to 80 cents per dozen in the fourth quarter of 1981, up 2.7 percent from 76.9 cents per dozen in the same period in 1980. USDA estimates prices will average 73 to 74 cents per dozen in 1981 — a gain of 10.4 percent from 66.6 cents per dozen in 1980.

Although the information in this article is as up-to-date as possible at the time of publication, readers should be aware that prices and supplies of many commodities can change rapidly.

Commodity Price Index

	percent change			
Commodity	**1979–1980**	**Dec. '80–Dec. '81**	**12 mos. '80–12 mos. '81**	**one month Nov. '81–Dec. '81**
Bakery products	11.7%	5.9%	8.3%	0.2%
Flour & cereal	12.3	−1.9	−7.0	−2.2
Beef & veal	3.2	−8.0	−5.0	−0.6
Other meats	−2.7	−5.9	7.6	−3.5
Pork	−4.0	−3.5	11.5	−4.5
Poultry & eggs	1.0	−15.2	2.4	−4.7
Poultry	2.5	−17.5	nc	−3.6
Eggs	−2.8	10.1	9.2	−6.8
Fish & shellfish	−3.2	7.9	1.8	1.1
Sugar & sweets	35.4	−15.8	−2.9	0.4
Sugar	49.6	−25.0	−13.6	0.8
Vegetables	7.5	13.1	22.6	10.0
Fresh vegetables	8.6	10.9	27.1	15.7
Fruits & juices	4.2	15.9	4.1	2.6
Fresh fruit	4.1	19.9	−5.2	−5.4
Beverages	0.8	2.8	−2.3	0.5
Dairy products	12.1	1.8	6.4	0.1
Fats & oils	6.4	0.2	2.1	−0.1
NRA Food Cost Index	5.0%	−0.6%	3.0%	0.5%
All Food, Producer Price Index[1]	8.0%	−2.3%	3.1%	nc

[1] Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

Sources: Producer Price Index, *Bureau of Labor Statistics; NRA*

Industry index

Sales at eating and drinking places increased 9.9 percent in November 1981 from the same month in 1980. During the first 11 months of 1981, eating and drinking place sales were 10.6 percent above 1980's level for the same period.

Eating place sales increased 11.9 percent in October from the same period in 1980 — recording real growth (adjusted for inflation) of 3.5 percent. During the first 10 months of 1981, real sales growth for eating places was 1.5 percent. The *NRA 1981 Forecast* predicted positive real growth of 1.0 percent in 1981 for eating place sales. This gain, if realized, will be the first increase in two years.

Menu prices (Consumer Price Index for food away from home) moderated somewhat in November, increasing eight percent from the same month a year ago. During the first 11 months, food away from home rose 9.1 percent from the same period in 1980.

The cost of food at home has been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics' Consumer Price Index. Food-at-home prices rose only 3.4 percent in November from the same month a year ago — well below the 11-month average increase of 7.7 percent.

Retail sales
(000,000)

	Nov. 1981	percent change vs. year ago	year-to-date sales 1981	percent change vs. year ago
All stores	$[illegible]	[illegible]	$[illegible]	[illegible]
Eating & drinking places	[illegible]	9.9	[illegible]	10.6
Food stores	[illegible]	[illegible]	[illegible]	[illegible]

Source: Bureau of Census, unadjusted data; subject to revision

Eating place indicators
(000,000)

	Oct. 1981	percent change vs. year ago	year-to-date sales	percent change vs. year ago
Eating place sales	[illegible]	11.9%	[illegible]	[illegible]
Real eating place sales (Oct.)		3.5%		1.5%

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations; subject to revision

Consumer prices

	percent change vs. Nov. year ago	percent change 1981 to date vs. year ago	
Food at home	3.4%	7.7%	
Food away from home	8.0	9.1	
All items less food	[illegible]	[illegible]	

Source: Bureau of Labor Statistics

Employment and earnings

	Oct. 1981	percent change vs. year ago
Total employment	[illegible] employees	[illegible]
[illegible] employment	[illegible]	[illegible]
Non-supervisory average hourly earnings	$[illegible]	6.7
Average weekly hours	[illegible] hours	[illegible]

Source: Bureau of Labor Statistics

CREST REPORT

CREST highlights

- **Customer traffic at the nation's restaurants increased a modest 0.8 percent during the fall quarter over the same period in 1980. This small gain follows two quarters of strong growth.**
- **Although families visited restaurants more frequently during the most recent CREST period, some familes dropped out of the eating-away-from-home market.**
- **CREST industry sales posted an increase of 10.3 percent in the fall quarter from the same period during 1980.**
- **Promotional usage continues to increase with 9.3 percent of eating out occasions involving a promotion in the September-October-November period, compared with 8.1 percent of the occasions during the summer quarter.**
- **Take out and family restaurants experienced the largest gains in customer traffic during the fall quarter — up 4.2 percent and 3.3 percent respectively.**
- **Breakfast customer counts rose 8.5 percent in the fall quarter over the same period a year ago — the largest gain for any meal occasion.**

Customer traffic increases 1 percent in fall quarter

Although restaurant customer traffic posted its third consecutive quarter of growth during the most recent CREST* period, the rate of increase slowed significantly from the spring and summer when the economy was healthier. Traffic was up 0.8 percent during the fall quarter (September, October, November) over the same period during 1980, according to CREST information. This sluggish increase follows strong gains of 5.3 percent and 5.6 percent in the spring and summer quarters respectively. The modest advance during the fall period most likely reflects consumer reaction to the weakening economy.

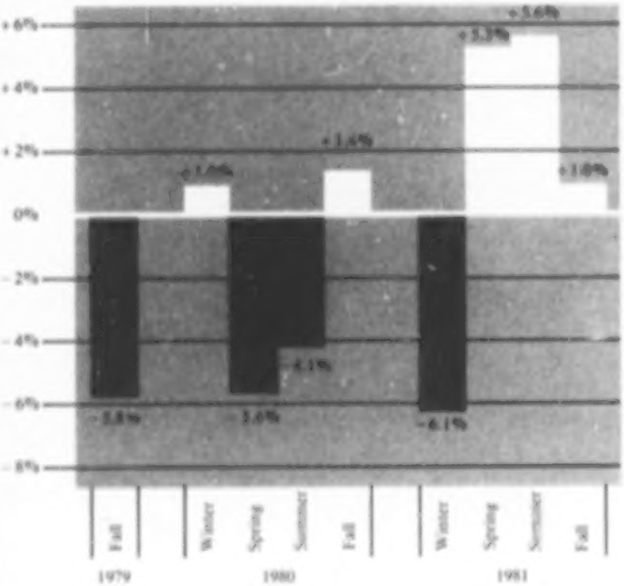
Gallup's "Monthly Monitor of Eating Out," tracking consumer behavior in the eating-away-from-home market, reported similar findings for the fall quarter. Thirty-six percent of the people interviewed in the Gallup September-October-November survey reported they had eaten out at least once during the preceding day — down slightly from 37 percent in the previous summer quarter.

NRA predicts industry performance will improve in 1982, particularly during the second half of the year when the economy is expected to strengthen. The effect of moderating inflation combined with rising disposable incomes will improve the climate for consumer spending this year. NRA forecasts eating places will experience real sales growth (adjusted for

---

*See explanation of CREST studies on page 24.

Percent change in quarterly customer traffic (Fall '79–Fall '81)



Source: CREST, NPD Research, Inc.

inflation) of two percent in 1982 following a real increase of one percent in 1981.

Those families who dine out did so more often...

During the fall quarter, the number of times families went out to eat increased, however, some families dropped out of the market entirely. The average number of times patron families visited restaurants increased 2.4 percent during the September-October-November period — contributing to the modest rise in customer counts.

An analysis of visit frequency for those who ate at restaurants reveals a 4.0 percent increase in the number of visits to coffee shops. Families were also eating out more often at other restaurant types as the number of visits increased 3.0 percent at atmosphere/specialty restaurants, 2.7 percent at family restaurants and 2.4 percent at fast food establishments. However, families were eating out less frequently at cafeterias and take out restaurants.

Restaurant sales increase 10.3 percent...

CREST sales posted an increase of 10.3 percent in the fall quarter over the same period in 1980. This increase follows stronger gains of 16.0 percent and 17.7 percent in the spring and summer quarters respectively.

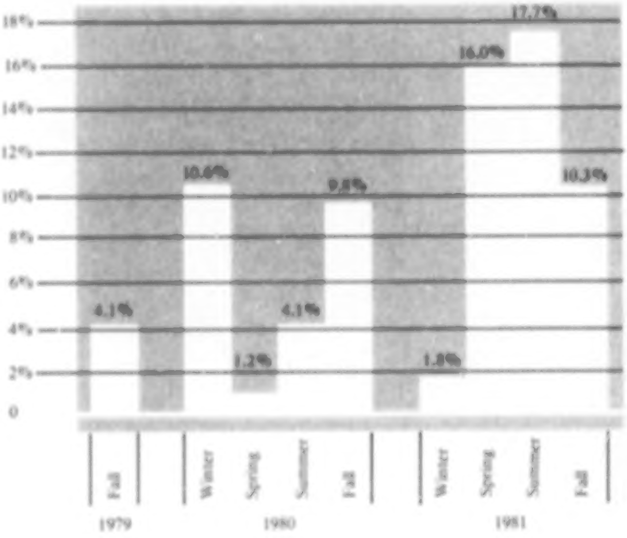
The average per person expenditure for a restaurant meal or snack rose 9.3 percent for all restaurants during the September-October-November period. This gain was lower than the 11.7 percent advance experienced in the previous summer quarter. The increase in the most recent CREST period may be the result of changes in the type of menu items ordered by patrons. Menu price inflation, as measured by the Consumer Price Index (CPI) for food away from home, moderated in the fall quarter to 8.3 percent. This compares to more rapid gains of 9.5 percent and 9.1 percent in the spring and summer quarters respectively.

Promotional activity continues at high level...

Restaurant operators are continuing to use promotions as a means of building customer counts. In the fall quarter, 9.3 percent of the meal occasions involved a promotion — up from 9.0 percent of the occasions in the same quarter last year.

A look at promotional usage by restaurant type shows fast food and family restaurants concentrate more on promotions. They were responsible for 12.5 percent of the eating out occasions at fast food restaurants during the most recent CREST period — up from 11.8 percent of the occasions in the same quarter a year ago. Promotional usage at family restaurants increased from 8.8 percent of the occasions in the fall quarter of 1980 to 9.5 percent during the most recent CREST period.

Percent change in quarterly CREST sales* (Fall '79–Fall '81)



**Sales based on total U.S.; average for two-week period in each quarter*
Source: CREST

Traffic increases at take out and family restaurants...

Take out and family restaurants posted the strongest gains in customer traffic in the fall quarter. An increase in the proportion of families eating out at these restaurants accounted for much of the increase in traffic. Families were dining out more often at family restaurants, which also contributed to the increased traffic for this restaurant type. The growth in market penetration for take out restaurants is most likely the result of increased promotional usage as well as families "trading down" to this lower-priced restaurant.

Traffic at take out restaurants increased 4.2 percent during the fall quarter from the same period in the prior year. Promotional usage increased at this restaurant type, accounting for 6.2 percent of the occasions in the most recent CREST quarter — up from 5.6 percent in the fall period a year ago. The per person check size rose 9.2 percent for all restaurants. These factors may have increased the perceived price/value relationship of a meal at take out restaurants and contributed to the above average gain in traffic.

Customer counts at family restaurants were up 3.3 percent in the most recent CREST quarter over the same period in the previous year following two consecutive quarters of strong growth. The per person check size rose 11.8 percent in the September-October-November period — considerably faster than the 9.3 percent advance for all restaurants. Families were visiting this restaurant type more often in the fall quarter as visit frequency advanced 2.7 percent from the same period a year ago. The proportion of families eating out at family restaurants was up as well. These gains contributed to the increased customer counts for family restaurants in the most recent CREST period.

Atmosphere/specialty restaurants also experienced a rise in customer traffic during the most recent CREST period — up 1.7 percent from the same period in 1980. More families were eating out at atmosphere/specialty restaurants in the fall quarter and they were doing so more often — contributing to the rise in the customer counts.

Traffic declined 1.0 percent at fast food restaurants during the fall quarter from the same period in 1980. This drop follows a 3.6 percent advance in the previous quarter. The average check size at fast food restaurants rose at a slightly faster rate than at all restaurants in the fall quarter, 9.6 percent versus 9.3 percent respectively. The proportion of families eating out at fast food restaurants decreased in the fall quarter. Many lower-income and blue-collar families whom CREST researchers believed dropped out of the fast food restaurant market in the summer quarter did not return. Lower patronage by this group most likely contributed to the decline in customer traffic at fast food restaurants during the most recent CREST period.

Cafeterias and coffee shops also experienced a drop in customer counts in the fall quarter. Fewer families eating out at these restaurants combined with an above average increase in the average check size contributed to the decline in traffic.

Breakfast traffic up 8.5 percent...

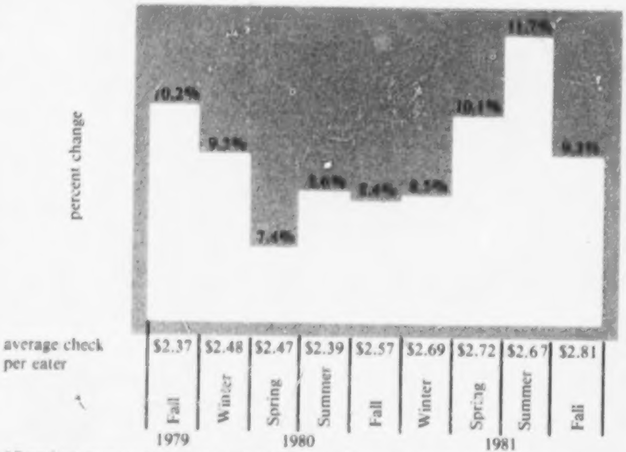
Customer counts at breakfast increased 8.5 percent in the fall quarter over the same period a year ago — the largest gain for any meal occasion. Breakfast traffic has increased in all but one of the past nine quarters and the strong rise during the most recent CREST period indicates this growth will probably continue despite the weakened economy.

The advance in the fall quarter is primarily the result of families eating out more often for this meal occasion since the number of visits was up 8.6 percent. The proportion of families eating out for the morning meal also increased in the September-October-November period from the same quarter a year ago. Average check size at breakfast rose at a considerably faster rate than at all meal occasions — 11.0 percent compared with 9.3 percent respectively.

Lunch traffic increased 3.8 percent during the most recent CREST quarter from the same period in the prior year following a strong 4.5 percent advance in the previous summer quarter. The per person check size for lunch rose 9.2 percent during the fall quarter — approximating the 9.3 percent gain for all meal occasions. More families were eating out for the noon-day meal and they were doing so more often as well, accounting for much of the growth in lunch traffic in the September-October-November period.

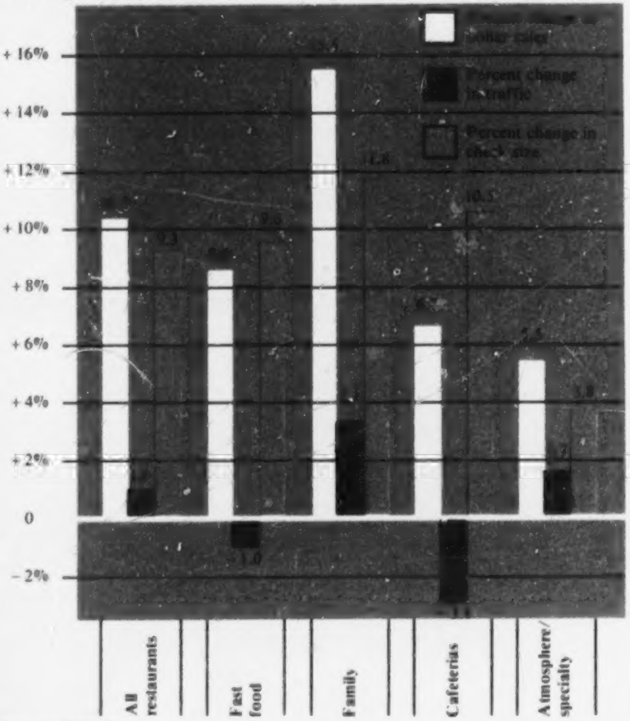
Customer counts at the evening meal fell 2.6 percent in the

Average per person check*
(Fall '79–Fall '81)



**Based on average two-week period. Percent change indicates increase in check size above the same quarter of the previous year.*
Source: CREST

Fall quarter performance by select restaurant type



Source: CREST

fall quarter from the same period in 1980. This decline follows a strong seven percent advance in the previous summer quarter. A drop in the number of families eating out combined with no increase in the number of restaurant visits at this meal occasion contributed to the decline in traffic. The average check size for supper rose at a somewhat faster rate than for all restaurants in the fall quarter — 10.6 percent versus 9.3 percent respectively.

Snacking occasions experienced only a slight 0.3 percent increase in customer counts during the fall quarter over the same period in 1980. This follows a stronger 2.5 percent advance experienced during the previous summer quarter. Average check size for snacks increased 11 percent in the most recent CREST period, considerably faster than the 9.3 percent advance experienced by all restaurants. The proportion of families eating out for this meal rose only moderately in the fall quarter as did the number of families eating out.

CREST (Consumer Report on Eating Share Trends) monitors customer behavior in the commercial sector of the foodservice industry. NRA reports quarterly on CREST behavior on sales trends in six categories of restaurants: (family, fast food, cafeteria, coffee shop, atmosphere/specialty and take out). Reporting on these trends aids the restaurateur in evaluating his own results against those for similar types of operations.

WHAT IS CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry. While the study does track chain trends, a great deal more is available, including information by type and classification of restaurant and also by meal or snack period.

Some 10,000 families, or approximately 30,000 persons, are chosen to reflect the U.S. and participate in the study. Each family is asked to record restaurant experiences for a particular two-week period for each of the four quarters during the year. Because the study is repetitive, it allows an excellent opportunity to follow changing trends.

In order to properly complete the CREST diary, several steps are involved. Step 1 requires a daily entry for each meal during the two-week period for each household member. Whenever the code for restaurant purchases appears, the participant is asked to elaborate on the occasion by making further entries in the diary.

The second portion of the diary is used only if a household member ate or obtained food prepared away from home in establishments such as restaurants, hotels and motels, fast food/drive-ins, delicatessens, refreshment stands, carryouts, coffee shops, donut shops, ice cream shops, or eating places inside variety stores, or other retail stores. The diary will not include any meals eaten at schools, hospitals, colleges, or other institutional feeding places. When the two-week reporting period is complete, the diary is returned to NDP Research, Inc.

The CREST study is a joint effort of individual foodservice organizations acting in concert to fund a study perhaps beyond the economic reach of any of the individual participants. NRA is solely a participant in this study and not a sponsor. Readers wishing more information on how to participate in the CREST study should contact NPD Research Inc., 9801 West Higgins Road, Rosemont, IL 60018.

The CREST study is designed to provide information on customer behavior, not attitudes. This study will, therefore, provide the user with information on how much people spend, where they spend, what they spend on, etc. It will not tell people's attitudes toward a particular issue. It will, because it is an ongoing study, allow comparison against a standard or the development of trend analysis, and enable the operator to make decisions based on documented trends rather than casual observation.

TRENDSETTERS

Inner cities leave a lot to be rediscovered

You'd have to be crazy to open a restaurant in the inner city these days. . . . No one drives into the city at night any more. . . . There are too many risks, and it's just not worth it. . . . Stick to the suburbs where it's at least relatively safe. . . .

Attitudes like these are typical to the idea of inner city business. But attitudes are changing. More and more people are taking a second look at the attributes of the city — with sound reason and profitable results.

Pleasant atmosphere, good food, reliable personnel, efficient operations and ample parking are the basic ingredients of any foodservice operation. An inner-city restaurant is no exception. To the contrary, something more than the basics is necessary to draw the crowds back to the city.

There is no question that downtrodden inner cities are going through face-lifts, and the restaurant industry is playing its part. A combination of restoration committees, redevelopment activities and convention centers along with the age-old American search for a new frontier is reinstituting activities in cities across the country. In many inner-city restaurants, the classy look on the inside seems to clash with neighborhood surroundings. This air of mystery seems to intrigue the clientele.

The unique atmosphere of inner-city restaurants. . .

Gordon Sinclair, NRA member and owner of Gordon Restaurant, wanted to open his first business in a very special building. He envisioned an unusual interior, a vintage type with old-world elegance. He found it at 512 North Clark Street, Chicago, IL, in what used to be the coffee shop of the St. Regis Hotel.

The St. Regis was built in 1876 as perhaps Chicago's first luxury high-rise apartment complex. After World War II, it was converted to a plush hotel, visited by the opera and theater set since it was just down the street from a silent film industry.

Although the neighborhood changed over the next 60 years, the building remained pretty much the same, according to Sinclair. "The interior is very special with a wonderful feeling to it. It has extremely high ceilings. The richness of the teak and ceramic floors, glass tiles on walls, and ceilings were beautifully preserved (costly by today's standards). This building was exactly what I was looking for. And best of all it was in a low-rent area and within my grasp," explained Sinclair. The fact that the building was nestled between an adult bookstore and a currency exchange in the rather seedy area of inner-city Chicago did nothing to dampen his delight. In fact, the "gem in the bush" notion appealed to Sinclair.

"A city is gauged by its cultural life, its theaters, its restaurants — the things that make life most enjoyable. Gordon Restaurant makes its contribution to that area, and the city reciprocates with good service." In 1978, the city of Chicago presented Gordon Restaurant with the 1978 Chicago Award — "a foremost recognition for excellence in rehabilitating, renovating, restoring and recycling an existing building."

Looking for a loan. . .

Before Gordon Sinclair opened Gordon Restaurant, he was director of public relations for the Tribune Company. Coming out of the corporate executive world, Sinclair was accustomed to making presentations to sell his thoughts and ideas. He drew from his experience to deal with what is perhaps the hardest single job in the industry — securing a loan to open his business. "I put together a portfolio of statements and projections, a description and theme of the restaurant, why it would sell, market research and all those sophisticated techniques that one would use to influence a financial institution, and I promptly received polite refusals from everywhere I went." In looking back, Sinclair says he can understand why. "With no track record and restaurants being a high risk endeavor, why would a bank want to invest in my fantasy?"

In response to the banks' rejections, Sinclair formed a corporation and sold shares to his friends. Gordon Restaurant was started in 1976 with $50,000. Sinclair put in $15,000 himself and obtained the remainder from shareholders. "It may have been that I was not looking to borrow enough. Perhaps if I asked the bank for half a million. . .," reflects Sinclair.

Sinclair feels that the location of the restaurant had no bearing on the banks' decisions — his lack of experience was the main factor.

"Gordon Restaurant was one of Chicago's first nouvelle, New York-type restaurants. All the "trendies" in town were quick to respond to it," Sinclair added. The restaurant has evolved from a limited but very reasonably priced menu to a full-service restaurant serving five to six courses. Sinclair says that he always has had a smart, young, affluent crowd.

HOTEL
CHECKS CASHED
MONEY ORDERS
GORDON

Ambience is the key to success. . .

"The key to our success lies in the ambience we created. It reminds people of places in London, New York, or San

Francisco. We have a good, non-traditional, innovative kitchen, and we like the element of surprise." The menu changes daily.

One might think it would be difficult to find dependable people to wait tables in the inner city. Sinclair will assure you that this is not the case. College students, actors, theater people are readily available. The workers live on the fringes of Chicago and use public transportation. The restaurant is located two blocks from the subway and right on the bus line. Personnel turnover is very low. The staff is well-organized, very professional and a close comradery makes Gordon Restaurant a desirable place to work. "Initially, our staff was very young. Maybe they worked one other restaurant before, maybe not. We weren't stealing waiters from the better houses in town because they couldn't make the money here. Now it's the other way around. Experienced waiters will come here and work as a busboy for a few months while waiting to get in."

Sinclair explains that he is friendly with the political officials, and the city services are good. He cites the example of his request for more frequent street cleanings around his restaurant. He feels that the city's eagerness to comply was due to the fact that Gordon Restaurant is a place Chicagoans can be proud of. Sinclair says that there was a time when cab drivers would try to talk people out of going to that neighborhood because the drivers did not know about the restaurant. "Now they park outside waiting for patrons to come out."

Five years ago, Gordon Sinclair really didn't have much to say about his location. His funds were limited and so was his expertise. Perhaps he just didn't know any better. This was his first restaurant venture. But last Mar. 11, 1981, when he opened his second restaurant, Lexander, at 508 North Clark Street, he knew precisely what he was doing and why he was doing it.

Inner-city success stories continue...

Gordon Sinclair is the author of an inner-city success story, but Atlanta, GA, and Pittsburgh, PA, boast similar tales of inner-city profitability.

Dailey's Restaurant and Bar is the seventh venture of an Atlanta restaurant group known as The Peasant, Inc. **Steve Nygren** and **Dick Dailey** took their chances and founded The Peasant in 1973 with the opening of a restaurant called the Pleasant Peasant in a dilapidated building in a blighted area of Atlanta, GA. The building at 555 Peachtree was built in 1889 as an ice cream parlor and had housed, among other things, five unsuccessful restaurants over the years. Nygren and Dailey borrowed $25,000 and committed themselves to opening in that area simply because, "It was all we could afford," explained Nygren.

Eight years and six restaurants later, Nygren and Dailey chose an old, unused two-storied warehouse in dire need of extensive renovation to be the site of Dailey's.

Aside from hotel restaurants, there was very little to serve the downtown business people and the ever-growing Atlanta convention market.

Convention business and future developments open new markets in the city...

Patricia Bernstein, director of public relations for The Peasant, said, "Downtown Atlanta has had a run of bad press in the past few years, but in looking the site over, we felt that it did not warrant a lack of confidence in the city. There is such an ever-growing convention market here. The location is within a few blocks of the downtown hotels and all the hotels that are on the drawing board for the next few years. The building is located next door to a parking deck and across from Peachtree Center's tower office buildings. The area is in a state of renaissance. It looked very good to us in spite of the address."

There is no question that downtrodden inner cities are going through face-lifts, and the restaurant industry is playing its part.

A little intown seedy with a lot of uptown class...

Stan Topel, a well-known Atlanta interior designer, had been successful in creating the "right look" of other Peasant Co. restaurants and was commissioned to do the same here. With Dailey's, Topel suggested a sophisticated, long-established downtown restaurant with great vitality by juxtaposing the industrial features of the warehouse's high ceilings, exposed beams, brick walls and original plank flooring with the whimsical use of old carousel horses, padded wall fabric, a marble dessert bar and some fine European and American antique accent pieces.

Nygren and Dailey along with **David Douglass**, the general manager of Dailey's, and everyone else at The Peasant Co.,

Compare the St. Regis Hotel coffee shop to the interior of Gordon Restaurant. Yes, you're right, there are a lot of similarities. During the transformation, much of the original room was retained. The original white glass-topped tables are used, and you'll notice that the lamp vases were counter stools.

are pleased with the success of the restaurant. "It was wall-to-wall people from the first minute we opened," stated Dailey. The downtown people had watched the renovation of the building for months. They were awfully eager to see what it would look like. "Dailey's was the first freestanding restaurant to open in downtown Atlanta in more years than anyone can remember," says Dailey.

Five-part success formula revealed...

The Peasant Co. attributes their success to a five-part formula — food, service, price, decor and consistency. According to Bernstein, "Our food is perceived as the best value in town by people who can afford to eat almost anywhere. Also we take tremendous pride in our personnel. Before Dailey's opened, we interviewed 1,100 people to get our staff of 120. We opened with an absolutely first-rate, carefully selected group. We feel that our crew has made us what we are today, and we let them know how much we appreciate them. We offer hospitalization, life insurance and profit sharing, a rare benefit in the business, to all staff. For top management, there is a quarterly cash or check profit-return and an annual management bonus."

A conservative estimate of what The Peasant Co. spends on management training is $80,000 a year. That training involves 16 weeks (with salary) of formal classes in subjects like kitchen development, personnel and communications.

In summary Pat Bernstein says, "Our track record attracts the patrons the first time and our consistently good food, excellent service and pleasant decor keep them coming back. The parking lot next door is just one more convenience."

Dan Casagrande, owner of Brandy's, 2323 Penn Avenue, Pittsburgh, PA, has his very own success story to tell.

Casagrande is a Harvard Business School graduate who lived in the corporate world of large New York businesses. But the Dec. 15, 1978, opening of Brandy's was his first restaurant attempt.

Casagrande chose the site of his restaurant for several reasons. One reason was the proximity of the new convention center, another that he was close to his purveyors, but the main reason was that he was able to purchase the property rather than lease it. Before extensive renovation plans — which included new conduits and plumbing, barn siding, stained glass and skylights — were undertaken, Casagrande wanted to make sure it was his own.

"Money is out there if you want to pay about 2.5 points above floating New York prime, which is what we're paying. We had a good chunk of our own money going into it, but I signed the papers at 21 percent interest which was quite high. The interest rate wouldn't have been any different if I were opening in the suburbs. I had very good cooperation with the banks. I suppose I was one of the very first to start coming into Pittsburgh. Ten years ago, there weren't a whole lot of restaurants in Pittsburgh — five years ago, still not very many, but in the past two to three years, 15 or 25 have opened up and many are still doing well," explained Casagrande.

Inner cities benefit from long hours...

"Pittsburgh has a lot of excellent sports to offer — the Steelers, Pirates, Penguins, boxing, etc. Those sports help bring in the young affluent crowd and also the corporate executive. "We offer 14 entrees, everything is fresh, simple with no fancy sauces. The food looks appetizing and it's good quality. We offer enormous portions at a good value. The fireplace, skylights and plants set a pleasant mood. It's just a commonsense concept that works," says Casagrande. Brandy's boasts the back cover of Pittsburgh's dining guide.

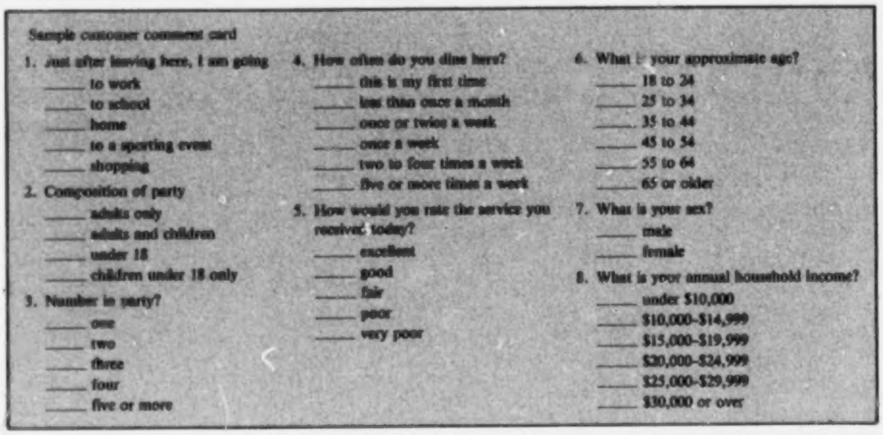
The only thing Dan Casagrande said might be different in the suburbs is that he might not have been able to stay open as many hours. Brandy's is open on Friday and Saturday nights until 5:00 a.m. simply because the business is there from all the activities in town, like the sports, theaters and other bars. Food and drinks are served until 2:00 a.m. and just food until 5:00 a.m. Those hours offer a lucrative market in the inner city that just wouldn't exist in the suburbs.

When asked about his personnel, Casagrande admitted that he'd be lying if he said he never had any problems. He now has 54 people working at the restaurant. Many are family members, but it took a while to find the right kind of people to work there. He reflects, "Let's put it this way. I had never been in the restaurant business before, and how we survived the first three months is beyond me since we had no right to be here in the first place. We learned through the school of hard knocks very quickly. We have now been open three years, business is excellent and we're opening another restaurant in Irwin, PA, which is the downtown area of a small city 21 miles from Pittsburgh."

All of the restaurateurs interviewed said that they never had a problem with crime or vandalism in the inner city. There may be a good explanation for this; they all take sensible precautions, but who wouldn't? One operator said that he has been parking his car across the street since his restaurant opened and nothing has ever happened to it or to anything else that he knows of.

Because of constant attention to good food, qualified personnel and pleasant surroundings, all three restaurant groups are doing extremely well. Well enough to be planning other restaurants in the very near future. What better testimonial to success! It takes a lot of courage to be creatively crazy, but when it works it's well worth it!

Promotion usage for breakfast by CREST quarters	**81**	**80**
Dec., Jan., Feb.	7.65	6.50
Mar., Apr., May	6.09	6.07
June, July, Aug.	5.88	4.75
Sept., Oct., Nov.	7.14	6.00



Sample customer comment card

1. Just after leaving here, I am going
    ____ to work
    ____ to school
    ____ home
    ____ to a sporting event
    ____ shopping
2. Composition of party
    ____ adults only
    ____ adults and children
    ____ under 18
    ____ children under 18 only
3. Number in party?
    ____ one
    ____ two
    ____ three
    ____ four
    ____ five or more
4. How often do you dine here?
    ____ this is my first time
    ____ less than once a month
    ____ once or twice a week
    ____ once a week
    ____ two to four times a week
    ____ five or more times a week
5. How would you rate the service you received today?
    ____ excellent
    ____ good
    ____ fair
    ____ poor
    ____ very poor
6. What is your approximate age?
    ____ 18 to 24
    ____ 25 to 34
    ____ 35 to 44
    ____ 45 to 54
    ____ 55 to 64
    ____ 65 or older
7. What is your sex?
    ____ male
    ____ female
8. What is your annual household income?
    ____ under $10,000
    ____ $10,000-$14,999
    ____ $15,000-$19,999
    ____ $20,000-$24,999
    ____ $25,000-$29,999
    ____ $30,000 or over

(For a complete list of comment card questions, consult the *Market Research Handbook.*)

AT YOUR SERVICE

Promote your breakfast fare

Q: *How can I increase my share of the breakfast market?*

A: With breakfast experiencing a growth in customer counts, restaurant operators seeking to take advantage of this trend should consider the use of promotional techniques.

According to data from CREST (Consumer Reports on Eating Share Trends), promotional usage for the breakfast increased every quarter in 1981.

The success of breakfast promotions depends on customer satisfaction. Therefore, an excellent starting point is to determine who your morning customers are.

The sample customer comment questionnaire below, taken from NRA's *Market Research for the Restaurateur*, demonstrates how this information is easily collected. Once your market is identified, the appropriate strategy can be determined.

If your market is comprised largely of patrons who are on their way to work or school, a quick breakfast is probably what they are looking for. Idle salad bars or service carts can be easily converted to breakfast carts. This technique enables customers to choose their own food, while at the same time your labor costs are reduced.

Another trend that is capturing the early morning crowd is the breakfast business meeting. Many executives find the breakfast business meeting to be much more flexible than the traditional lunch meeting.

To attract this group of patrons, Kraft Foodservice, Inc., recommends that a certain area be set aside in the restaurant where business meetings can take place without interference from other diners. Another suggestion is to provide unlimited amounts of coffee or orange juice, accompanied by quick uncomplicated meals.

However, if your customer comment questionnaire indicates that many of your patrons will engage in a recreational activity, such as shopping or a sporting event after this meal, then your promotional techniques will have to be adjusted to reflect a leisurely paced breakfast or brunch. Feature a meal that may emphasize a group activity. Theme brunches work well, such as create your own crepe or omelet and all-you-can-eat specialties. Also, special occasions or holidays are excellent times to promote family breakfasts.

Don't forget the health conscious breakfast eater. High protein cereals, whole-grain breads, fresh fruit, yogurt and blender drinks are among the many possibilities you can offer.

After a specific promotional technique is adopted, be sure to inform customers through table-tent ads, sample printed menus and in-house flyers. Staff should also mention the promotion to customers at the lunch and dinner meal. ***NRA's Market Research Handbook for the Restaurateur*** will help you analyze and interpret important customer perceptions of your restaurant.

Breakfast promotions can be excellent business builders if they are well thought out and planned. For more information on market research, contact NRA's information service and library in Washington, DC.

TECHNICAL SERVICES

Planning a problem-free roof

Restaurant roofs. . .

There is no reason that properly installed and maintained roofs should not last the life of your building.

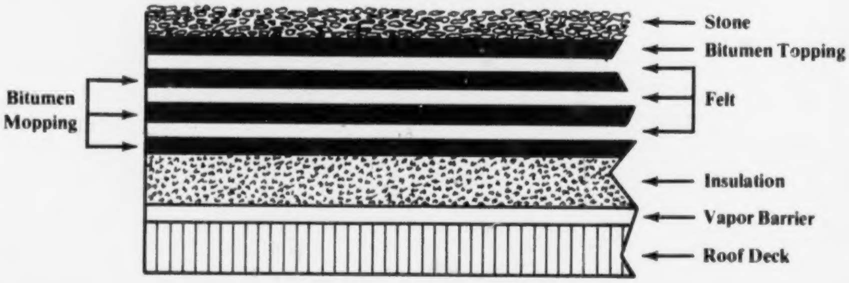
Because of a need to install roof top equipment and to reduce costs, most roofs today are flat. If constructed incorrectly problems will appear. Gravity helps even a badly constructed steep roof to shed water, but a flat roof is designed much like a large bath tub. It requires better engineering and installation to assure continued performance.

Numerous types of roof systems are available today using a number of materials and application methods. However, since most of the existing restaurant roofs are of the built-up classification consisting of felt and bitumen, only this type of roof will be discussed.

Since proper roof installation is an obvious key to an extended roof life, what should one look for to assure getting a good low maintenance, new roof?

Roof deck — The deck is the base of the roof system and must be strong and durable. Decks in some buildings today are constructed of plywood — material that is flexible and lends itself to sagging between widely spaced joists. Sagging will cause water ponding on the finished roof as well as flashing problems.

Vapor barrier — Unless an unbroken vapor barrier is placed below the insulation, water vapor in the interior of the restaurant will condense on the cold underside of roofing felts, saturating the insulation and reducing its effectiveness. It is also possible for the moisture to drip back into the building, staining the ceiling or wetting equipment and food. In some cases, the moisture will remain in the felts to freeze in cold weather and rupture the roof. Certain insulating material, such as cellular glass and other firm materials, provides its own vapor barrier. Some insulation comes with aluminum foil on one side which acts as an effective barrier. Other vapor barriers include aluminum paint, plastic paints and plastic films.



Insulation — Numerous insulation materials are available, and your architect or engineer will make the appropriate selection. However, any restaurant operator should be on the lookout for certain installation practices. Make sure the insulation is protected from adverse weather at all times. All insulation installed during a day's work should be covered, and exposed edges should be protected. Installation of wet insulation is an invitation to roof failure.

Felt and bitumen — Felt provides the strength, and the bitumen provides the waterproofing. There are two categories of bitumen — asphalt derived from the petroleum refining process and coal-tar pitch, a by-product from coking of coal. While pitch is self-sealing, it is considerably more expensive and in certain situations more difficult to install.

Most built-up roofs utilize asphalt. Again problems do not generally originate with the material but with installation. Make certain the felt is protected from the weather and installed dry. Check to see the mopping of the surfaces with bitumen is complete between each ply. Otherwise, voids will develop, permitting moisture accumulation and eventual blistering. Be sure the number of plies called for are installed and that the pitch or asphalt is applied in the quantities called for in the specifications. Many times the bitumen is overheated, which eases the application of the material. However, such thermal abuse of bitumen will reduce the life of your roof.

Flashings — Flashing faults — the most common cause of roof leaks — are an even more likely culprit in restaurant buildings because of the numerous roof penetrations for ducts and equipment. Flashing usually joins two different materials, such as a roof to a wall with different expansion characteristics. The resultant difference in movement causes tears and splits as well as the pulling away of the flashing from adjoining surfaces. Make certain that at least six inches of the flashing is secured to the roof deck and eight inches to the wall with counter flashing above it. Where metal edging is used to seal the roof edge, be certain the required overlap is provided to counter the thermal movement at the joints of the metal and that the joints are sealed with an elastomeric material.

Look for more information on roof maintenance in upcoming issues.

FOOD FOR THOUGHT

SBA help — the key to success

Dr. William Saign

NRA member praises SBA for aid

NRA member Dr. William Saign testified before the U.S. Senate Committee on Small Business in October of 1981 regarding Small Business Administration loans. The following account of Dr. Saign's efforts to secure a loan with an SBA guarantee may be useful to other NRA members in need of loans. For more information on financing a new operation or adding to present facilities, see January's NRA News *for "Small business financing in a tight money market."*

Dr. Saign owns three restaurants in Missouri called Lettuce Leaf. The following is an edited transcript of Dr. Saign's presentation to the Senate.

I am a professor turned restaurateur and owner of the Lettuce Leaf Restaurants. During a sabbatical in 1976, my wife and I created the concept of an entree dinner salad restaurant. There was no restaurant of its kind in the country (and there still is not to this date) so we were doing what no one else had ever done in the food industry.

I approached SBA for a loan and after going through the purgatory of filling out redundant application forms, SBA sent me out to acquire a loan from a bank of my choice suggesting that they would guarantee 90 percent of the loan.

Turned down by banks. . .

To have achieved this level of success was tough. It involved a number of meetings with SBA. They were not handing me gifts. I visited 17 banks over the next several months and met with no success.

At the seventeenth bank, a young man in his early 20s informed me that I could get a direct loan from SBA — a fact of which I was not aware. I contacted SBA and asked the criteria for a direct loan and told of the letters of refusal from the banks. I had my money very shortly thereafter.

However, I had to attend classes at the SBA office, directed by the house attorney and others explaining in some general but helpful terms the pitfalls of going into a small business. Later, I was assigned an advisor, who was a retired restaurateur, to give me more specific information about restaurants and who would be available anytime I felt I needed him.

Visit by SBA. . .

After painstakingly building, furnishing, hiring, training and opening our doors months later, we did have visitations by SBA personnel, some of whom I recognized.

The Lettuce Leaf was an instant success. So much so, that we wanted to open a second one in the downtown area of St. Louis about a year later.

I approached SBA for another direct loan and they flatly refused. I inquired about a participating loan and they reluctantly agreed, but only after a very careful examination of our books and financial situation.

Pushed out of the nest. . .

Another year-and-a-half later, they wouldn't even speak to us for any other kind of loan. They pushed us out of the nest, so to speak, and we successfully acquired a direct loan from a bank in St. Louis for our third restaurant.

In my opinion, the Small Business Administration must be allowed to continue to function for the benefit of the marginally unfinanceable individuals of this country for a number of very important reasons.

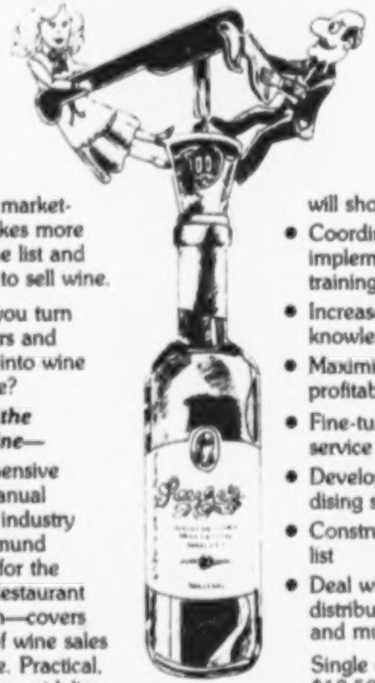
- In as much as the very greatest part of innovation, invention and significant change in this country comes about by virtue of necessity or of some deliberate effort and predeterminations, it is indeed these kinds of individuals that we must support and encourage. Many of these kinds of people emanate from the marginal fringe of unfinanceable persons.

- If the SBA is phased out of existence or modified too stringently, these kinds of individuals will have nowhere to turn to for funds. This country will be denied the kind of initiative that made the free enterprise system work in the first place, i.e., when the country was young and when banks and bankers were willing and allowed to make large risk-bearing determinations.

I am not saying that the small or relatively small business person has an exclusive claim on entrepreneurship or imaginative audacity, but, certainly, it is most characteristic of small business.

Thank you for the privilege and honor of appearing before this committee.

A New TWIST to Selling Wine



In today's marketplace, it takes more than a wine list and corkscrew to sell wine.

How can you turn your waiters and waitresses into wine salespeople?

Wine and the Bottom Line—a comprehensive training manual written by industry expert Edmund Osterland for the National Restaurant Association—covers all facets of wine sales and service. Practical, step-by-step guidelines will show how to

- Coordinate and implement a training program
- Increase product knowledge
- Maximize profitability
- Fine-tune wine service
- Develop merchandising skills
- Construct a wine list
- Deal with distributors

and much more.

Single copies are $12.50.

Order directly from NRA

Wine and the Bottom Line

Quantity	Catalog #	Price/copy	Subtotal
	WL913	$12.50	
Washington and Illinois residents add 6% sales tax			
Shipping and handling charges 10%			
Enclosed is my check for total			

Signature ______________________ (required)

Name ______________________ (print)

Address ______________________

City __________ State __________ Zip __________

Mail to: Education Materials
National Restaurant Association
311 First St., N.W.
Washington, DC 20001

EDUCATION

Rate your dining room operations

With the hectic schedule of most foodservice managers, it is hard to step back and look objectively at operational procedures. Yet often this simple exercise is a valuable way of identifying areas in need of attention.

How do you and your managers measure up? The National Restaurant Association's Dining Room Management Seminar is a one-day program designed to improve management skills with tested, money-saving techniques. **Course instructor Aaron B. Donatello**, an experienced manager who is now a full-time instructor/coordinator for NRA, will show attendees how to increase customer and meal counts, attract and maintain a more productive staff, raise average check size without raising prices and enhance efficiency and guest relations.

"Effective managers must be committed to the success of the operation," Donatello explains. "They are responsible for making a profit, strengthening the restaurant's reputation and pleasing customers."

Managers' roles are diverse...

It means taking on a number of roles — that of a business person, administrator, delegator, public relations representative, promoter and host. The Dining Room Management Seminar provides insight on communication, time management, forecasting and the development of leadership qualities. Emphasis is also put on building a "team" of star employees, along with tips on hiring, training, motivation and feedback.

"Today's managers have to be ready to tackle any situation, challenge or problem. They have to be alert, aware, quick-thinking and responsive," Donatello maintains. He notes some common cases. "Say, for instance, sales of tableside desserts are down. Here is a high-profit item going to waste which could be adding a dramatic and memorable flair to the dining experience."

Successful managers, recognizing the importance of suggestive selling and product presentation, know that a server's enthusiastic recommendation will encourage sales. In addition, they realize that demonstrations in the dining room will attract attention and generate interest.

In response, the manager holds a session for employees, teaching them how to prepare desserts in front of guests. Staff learns how to achieve the greatest impact from tableside service, what ingredients are used in each selection and what the items taste like. Soft-sell merchandising is discussed and in some cases, a sales contest is implemented.

The end result is that management has gotten service personnel interested and involved. Selling tableside desserts becomes a group effort. Enthusiasm is fresh and genuine. Check size and profits rise without any price increases.

Another example, Donatello cited, is a 15-minute wait for a table that turns into 30 minutes. With no explanation for the wait, customers can get impatient and begin the dining experience with negative feelings. To avoid customer dissatisfaction, the manager should step in. He or she may want to offer waiting parties a complimentary cocktail to take their minds off the wait, or if the entire evening's reservations are behind, prepare a simple appetizer to give away in the bar or lobby area.

Stay on top of the mood...

The idea is to pay attention to what is happening in the restaurant and handle situations before they become problems. With smart management, everyone comes out a winner — managers, guests, employees and, of course, the house.

In many instances, extra effort pays off profitably. Donatello shows how "sales" calls to nearby businesses can promote goodwill and introduce the restaurant to important new markets. "This easy-to-learn technique demonstrates interest and initiative," he explains. "It lets the community know what you have to offer and gives people a reason to choose your restaurant over the competition.

"You have to sell yourself in today's marketplace," Donatello adds. "But it takes top-notch management to follow through on promises and make sure customers return time after time."

Those who have attended the Dining Room Management Seminar in the past year praise its straight-forward approach and innovative concepts. Results of evaluation forms filled out by participants show that over 98 percent of all attendees rate the seminar as excellent or good and called the program dynamic, motivating, inspiring and professional.

Among those who can benefit from the course are dining room managers, supervisors, owners, operators, trainers, personnel managers, hosts, hostesses, head waiters and waitresses and promotion and guest relation managers.

Upcoming seminar dates are listed in the complete schedule on the inside back cover of this issue of *NRA News*. For information on specific locations, fees, discounts and future sessions, contact the NRA seminar department, (800) 424-5156.

	excellent	satisfactory	needs improvement
Customer count per meal period	____	____	____
Promotional efforts	____	____	____
Merchandising ability	____	____	____
Turnover rate	____	____	____
Employee training program	____	____	____
Product presentation	____	____	____
Communications skills	____	____	____

NRA SEMINAR SCHEDULE

Practical Accounting for Foodservice Managers

Mar. 8	Newport Beach, CA
Mar. 10	Denver, CO
Apr. 19	Boston, MA

Food & Beverage Operations Auditing

Mar. 16	Seattle, WA
Mar. 31	Boston, MA

Bar Management

Mar. 8–10	Tampa, FL
Mar. 15–17	Los Angeles, CA
Apr. 26–28	Philadelphia, PA

Simplified Baking Workshop

Mar. 10	Springfield, MA
Apr. 28	Detroit, MI

Basic Supervision

Apr. 13	San Mateo, CA

Computers

Mar. 22	Cincinnati, OH
Mar. 24	Minneapolis, MN
Apr. 22	Washington, DC

Controlling Beverage Costs

Mar. 1	Seattle, WA
Mar. 4	Honolulu, HI
Mar. 29	Burlington, VT
Apr. 5	Milwaukee, WI
Apr. 7	Chicago, IL
Apr. 13	Houston, TX
Apr. 15	Kansas City, MO

Controlling Food Costs

Feb. 22	San Diego, CA
Feb. 24	Tucson, AZ
Mar. 22	Rochester, NY
Mar. 23	Newark, NJ
Mar. 25	New Haven, CT
Apr. 5	Detroit, MI
Apr. 7	Columbus, OH

Controlling Labor Costs

Feb. 22	Hartford, CT
Feb. 24	Syracuse, NY
Mar. 1	Milwaukee, WI
Mar. 3	Chicago, IL
Mar. 22	Salt Lake City, UT

Creative Merchandising Techniques

Mar. 8	Boston, MA
Mar. 15	Portland, OR
Apr. 8	Denver, CO
Apr. 21	Washington, DC

Dining Room Management

Feb. 22	Topeka, KS
Feb. 24	St. Louis, MO
Mar. 11	Norfolk, VA
Mar. 29	San Antonio, TX
Mar. 31	Dallas, TX

Hiring Hourly Employees

Feb. 22	Portland, OR
Mar. 1	Houston, TX
Mar. 22	Baltimore, MD
Apr. 5	Atlanta, GA
Apr. 13	Portland, ME
Apr. 26	Newport Beach, CA

Improving Food Production Methods

Mar. 9	Newport Beach, CA
Mar. 11	Scottsdale, AZ
Apr. 5	Cherry Hill, NJ
Apr. 22	Rochester, NY
Apr. 29	Pittsburgh, PA

Kitchen Management

Mar. 24	Albuquerque, NM
Apr. 13	Baltimore, MD
Apr. 15	Toledo, OH
Apr. 19	Oklahoma City, OK
Apr. 21	Minneapolis, MN
Apr. 29	Portland, OR

Location! Location! Location!

Mar. 29–30	San Francisco, CA

Market Research

Mar. 4	Chicago, IL
Apr. 3	Seattle, WA
Apr. 6	Long Beach, CA

Marketing for Profit

Apr. 14–15	Los Angeles, CA

Practical Meat Workshop

Mar. 15	Wichita, KS
Mar. 17	Dallas, TX
Apr. 19	Seattle, WA
Apr. 21	Denver, CO

Menu Development

Feb. 23	Philadelphia, PA
Feb. 25	Washington, DC
Mar. 16	Detroit, MI
Mar. 18	Cleveland, OH
Apr. 5	Houston, TX
Apr. 7	Phoenix, AZ

Practical Foodservice Sanitation

Mar. 4	Memphis, TN

Off-Premise Catering

Mar. 8-9	Las Vegas, NV
Mar. 29-30	Boston, MA
Apr. 19-20	Tampa, FL

Performance Review

Feb. 23	Portland, OR
Mar. 2	Houston, TX
Mar. 23	Baltimore, MD
Apr. 6	Atlanta, GA
Apr. 14	Portland, ME
Apr. 27	Newport Beach, CA

Soups & Sauces Workshop

Mar. 15	Toledo, OH
Mar. 31	San Francisco, CA
Apr. 26	Scottsdale, AZ
Apr. 28	San Diego, CA

Super Salads

Mar. 4	Philadelphia, PA
Mar. 25	Williamsburg, VA
Apr. 7	Hartford, CT

Winning! Labor Law Negotiations & Unions

Mar. 29-30	Washington, DC

How to Prepare an Employee Manual

Mar. 15-16	Scottsdale, AZ

Real Estate and Site Selection

Mar. 22-23	Atlanta, GA

Restaurant Design & Facilities Planning

Mar. 15-16	Houston, TX

Special Conferences

Human Resources, June 21-23, Washington, DC

For more information, contact NRA's seminar department in Washington, D.C.

THE INTERNATIONAL WINE & FOOD EXPO

1 9 8 2

April 23-25, 1982. Sheraton Washington Hotel, Washington, DC USA

A spectacular showcase of wines from around the world for wine lovers, restauranteurs and the wine trade. Taste. Select. Compare. Enjoy... wine talk, and cooking demonstrations by famous chefs. Telephone 408/649-6547 Telex BMC IWFE 172 276 2600 Garden Road, Monterey CA 93940 USA

WN 01/27 MEMBER#01J011WF
JEANNE LONG
CONGRESSIONAL INFORMATION
SERVICES INC
4520 EAST-WEST HWY
WASHINGTON DC [redacted]

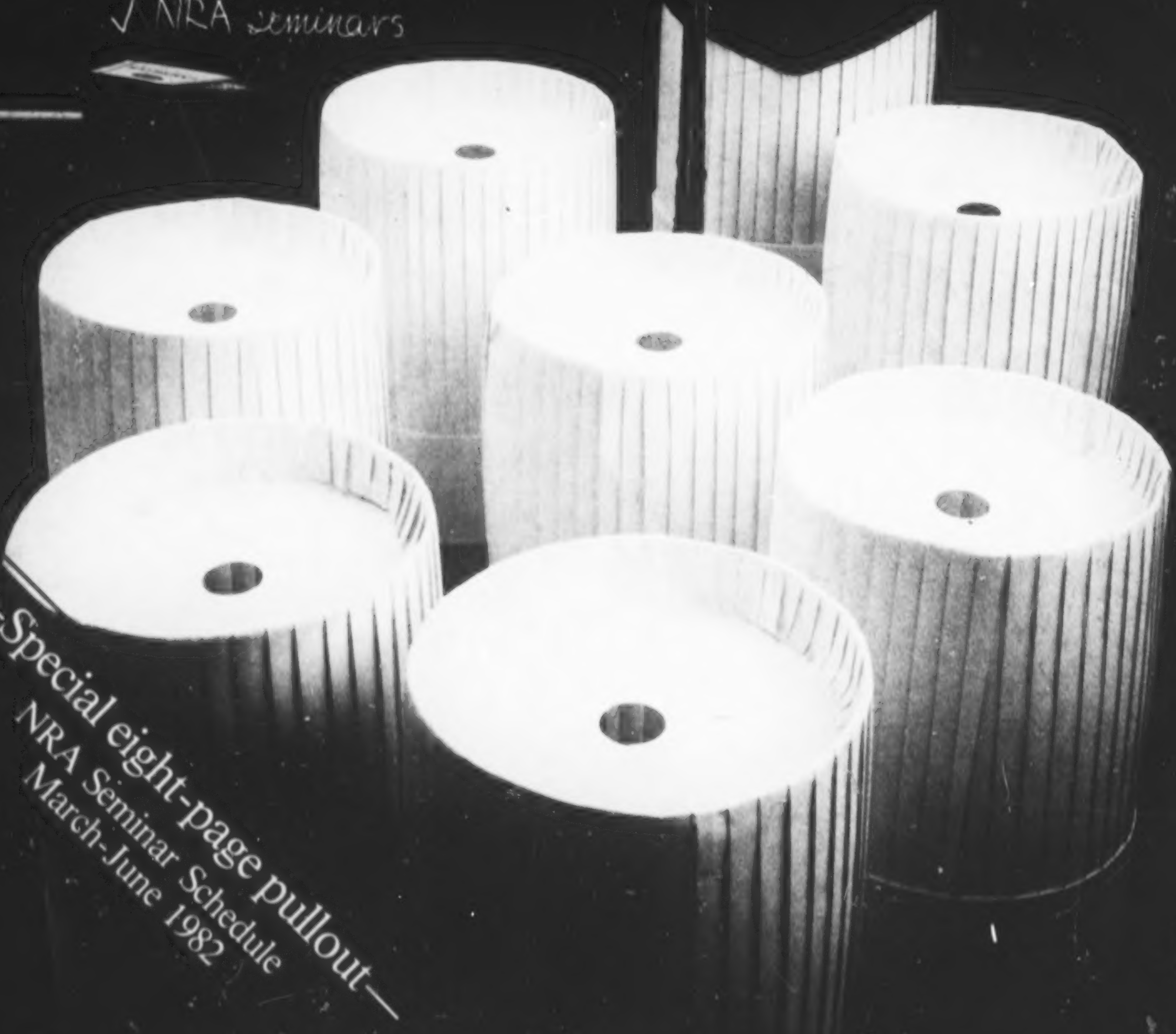
Is your address correct ?

Your mailing label serves as your official membership listing within all NRA departments. If your label is incorrect, please refer to your membership number, make the proper change and send corrections to Eloise Bailey, NRA Membership Dept., 311 First St., N.W., Washington, DC 20001.

Educating a new labor force

- ✓ corporate training
- ✓ HR&I college programs
- ✓ industry educational grants
- ✓ NRA seminars

/ A8200-1 3/21/82



—Special eight-page pullout—

NRA Seminar Schedule

March-June 1982

If everyone wrote a letter. . .

Will you be able to go on serving beef products at affordable prices? As you have heard, the U.S. Department of Agriculture (USDA) is currently studying yet another proposal to change their beef grading system. It is not too late for you to have an impact on the current deliberations. I urge you to read on.

As you are probably aware, USDA's plan would allow beef now graded in the top of the present Choice grade to be called Prime, and much of the beef now graded Good to be called Choice. The USDA proposal continues a frightening trend which has rendered almost ineffective the nation's beef quality assurance system.

If the current proposal is allowed to become effective, you as a restaurateur can expect to pay more for less. You won't be able to depend on a consistent supply of high quality beef. You can count on increased customer dissatisfaction. You can begin making plans to serve more pork, poultry and fish.

During the past two months the National Restaurant Association has fought the USDA proposal. As detailed on page two of this issue, NRA personnel and members of the board of directors have offered expert testimony at all five public hearings. The association has also conducted an extensive and successful campaign aimed at alerting the public about the numerous ways the government proposal will hurt everyone who produces or consumes beef.

What can you do to prevent the government from once again slashing away the effectiveness of federal beef grading standards?

- Write to The Honorable John Block, Secretary of Agriculture, U.S. Department of Agriculture, Washington, DC 20250. Tell him you are opposed to the changes in the beef grading standards and how the proposed rule change will hurt your business and your customers.
- Send a copy of your letter to your U.S. Senator and your Congressman. Ask them to help stop the government's plan.

As you read this, there are only a few days to get involved. The official comment period closes on March 31st. If you need assistance in drafting communications to the government on this issue, the NRA staff is ready to help.

However, time is running out. Postponement could be very costly.

G. "Jim" Hasslocher
Chairman, NRA Ad Hoc Committee on Beef Grading

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
Acting President
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Director of Publications and Editor
Steven J. Dahllof
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Sections Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Joan E. Campbell
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Art Miller
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
Elaine A. Raffel
James T. Rogers
John R. Rolfs
Rachel A. Zachary

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600, Chicago, IL
60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright © NRA 1982, all rights reserved. Postmaster, send address change to *NRA News*, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Special

Education and employee training maybe the **key to profit, productivity and quality** in foodservice establishments. *NRA News* this month takes a look at the scope of educational programs in foodservice — from corporate training to NRA seminars. Whether you are a small operator in need of a few tips on planning promotions or a corporate executive in charge of employee training, articles in this issue will bring you up to date with the wide world of education in the foodservice industry.

14 **NRA seminar department** offers broad range of educational programs.

17 Special **educational grants** available to college instructors.

19 **College graduates** enter foodservice industry job market — dedicated and ready to work.

22 Would you let a **six-year-old chef** loose in your kitchens? Find out who does in this month's colorful story about training tiny chefs.

35 **Corporate training programs** relate to a new breed of labor force. *Trendsetters*

Departments

The Board Room 2 NRA board members **meet the press** on controversial USDA proposal to lower the beef grading standards.

Washington Report 5 Controversy continues on **music copyright fee** for home receivers played in small restaurants.

6 Congressional proposal would place **interest penalty** of late payments on federal government.

House and Senate work on emergency **energy allocation act**.

7 Administrative hassles develop with **target job tax credits**.

8 **The Washington Lobbyist** — Special feature on how a bill becomes law; notes on meeting congressional representatives, getting a response from Congress and the schedule for the 1982 budget review.

State Department 13 State revenue bills may **increase restaurant taxes**.

Technical Services 21 Troubleshooting **roof problems**.

Foodservice Trends 23 Report on foodservice **franchise market**.

28 International franchises continue to grow.

30 Marketing specialists discuss **new product development**.

32 Commodity spotlight

34 Industry index

Sections

Short Orders 4 **NRA Action Call** — Needless energy conservation standards could cost industry $[illegible],000 - $5,000 per building.

Hot off the Press 38 Audiovisuals for staff training.

Showtime 39 **Paul Harvey** to open NRA Show.

40 1982 NRA Show registration form.

THE BOARD ROOM

NRA board members take to TV, radio and newspapers

NRA Chairman Conti serves USDA-graded beef to the press.

What was NRA Chairman Walter Conti doing in the kitchen of Loews L'Enfant Plaza serving beef to the Washington press corps?

"We decided to let the media taste-test USDA Choice and Good beef so they would understand firsthand why the foodservice industry is fighting USDA's proposal to lower the beef grading standards," explained Conti.

One after the other, the journalists' eyes lit up — agreeing that there really was a difference in palatability between the top grade Choice and Good. The result was sympathetic coverage in countless newspapers, the three major radio news networks and all four television networks. During the following days, NRA's opposition to changes in the beef grading system was broadcast by affiliate stations across the country, as well as in syndicated newspaper columns.

USDA has proposed lowering the grading standards so that Prime would include what is now labeled top-grade Choice, and Choice would include much of what is now labeled Good.

USDA hearings...

The Agriculture Department is holding five hearings on its proposal to gather industry and consumer response and will accept comments in writing on the issue through March 31. Sometime after that date, the department will announce whether the proposed change will be implemented or not.

The NRA board of directors voted to fight the proposal with full force. Testifying at all five USDA hearings and taking foodservice industry's opposition to the media, the association hopes to produce widespread opposition which USDA must consider when making its final decision.

At USDA's first hearing in Salt Lake City, UT, NRA Director Edward O. Elliott visited all the TV stations, news bureaus and major newspapers in-

United Press International's Diane Diamond compares USDA Choice and Good at NRA press conference.

NATIO
RESTAU
ASSOCI

NRA Chairman Walter Conti addresses Washington press corps.

dividually and explained NRA's position to editors and reporters. He then stayed up the night before the hearings until 1:00 a.m. putting finishing touches on his testimony.

A call to discard proposal...

Determined and showing no signs of fatigue, he made a strong statement at the hearing, calling on USDA to discard its proposals. Elliott outlined NRA's suggestion for an industry-wide panel to advise the Agriculture Department on developing a grading system that suits the needs of the entire beef distribution system — cattlemen through consumer.

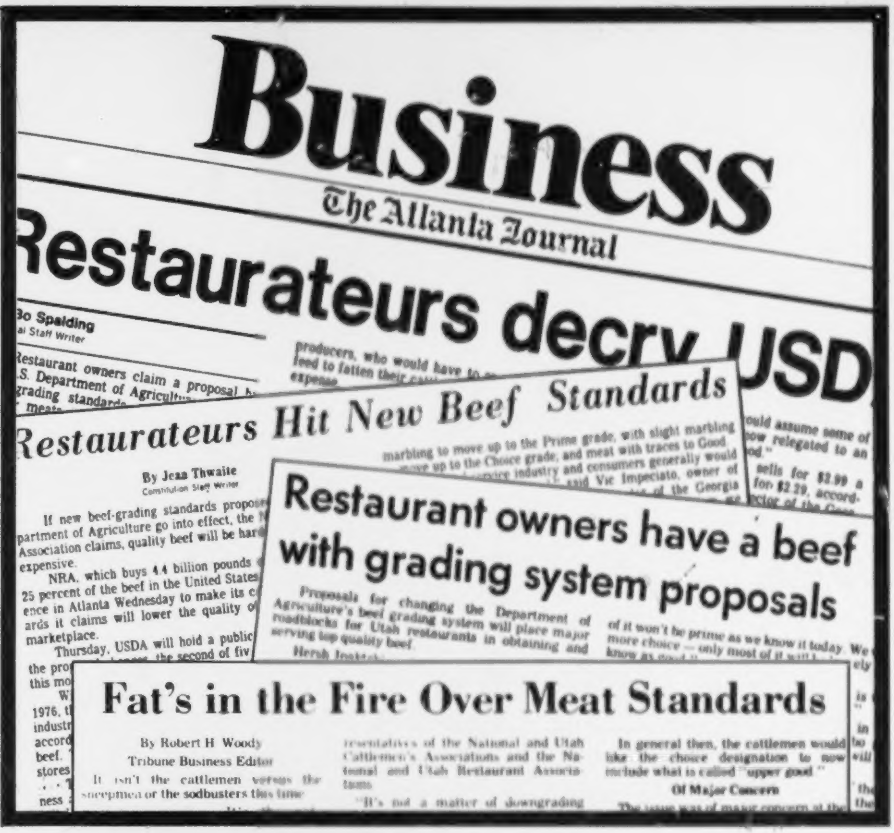
"USDA's proposal, if accepted, would make it difficult for consumers and restaurateurs to obtain quality beef," Elliott stressed to the USDA panel. "We would pay Prime prices for beef now graded Choice and Choice prices for beef now graded Good. Palatability and quality would suffer."

On the day before the second hearing in Atlanta, GA, NRA Director Victor Impeciato spoke to a press conference attended by all the major newspapers, radio and TV stations in the Atlanta area. Standing before two loins of beef and two sombre-looking chefs in white hats, he told the media, "The product is being degraded for the convenience of the producer. The consumer is being shortchanged."

Opposition must continue...

The next day Impeciato testified at the USDA hearing and then did another TV interview and radio actuality just for good measure. "The people in Georgia now know what these proposals will mean to them when they order beef in a restaurant or buy it in a supermarket," Impeciato said. "Let's hope they let USDA know what they think of these proposals."

The next hearing was in the nation's capital, and the association's chairman was called upon to testify. Following the successful press conference in the kitchen of the L'Enfant Plaza Hotel, Conti presented a detailed explanation of NRA's objections to the proposed changes before USDA's panel as TV cameras came back for a second day of shooting.



Business

The Atlanta Journal

estaurateurs decry USD

o Spalding
al Staff Writer

estaurateurs Hit New Beef Standards

By Jean Thwaite
Constitution Staff Writer

Restaurant owners have a beef with grading system proposals

Fat's in the Fire Over Meat Standards

By Robert H Woody
Tribune Business Editor

NRA Director Edward O. Elliott interviewed by television news during NRA's press conference in Salt Lake City, UT.

Program's integrity suffers...

"Our association opposed the changes in standards in 1975 because we believed that pre-1976 grade designations more accurately reflected the quality of beef," Conti said. "By continually allowing lower quality beef to quality for higher grades, you are destroying the integrity and the usefulness of the grading system."

As *NRA News* goes to press, the effort continues. In Des Moines, IA, Ronald Vilord, vice president, food and beverage, for Gilbert/Robinson, Inc., will testify at the fourth hearing, and NRA staff will brief the media. In Dallas, TX, NRA Director G. "Jim" Hasslocher, chairman of NRA's Ad Hoc Committee on Beef Grading, will present a final statement while staff seeks media support.

Will the association win the battle to stop further degradation of beef? "If restaurateurs and consumers hear about these proposals and protest to USDA, we can win. But, whatever decision the department makes, NRA has put up one heck of a fight," stated NRA Acting President Robert Neville.

ACTION CALL

Engineers develop energy standards

The American Society of Heating, Refrigerating and Air-Conditioning Engineers, (ASHRAE) has approved an energy conservation standard for existing restaurant buildings (ASHRAE Standard 100.6). If adopted by states or local municipalities, the standard would require initial energy audits and surveys estimated to cost $3,000 and $5,000 for each restaurant building plus an additional expense of $500 to $1,000 annually for necessary updates. The standard would also require that certain building improvements and equipment changes be made if they are found to qualify.

Concurrently, ASHRAE is considering another standard for industrial buildings (ASHRAE Standard 100.4). This standard would make it clear that standards are voluntary guidelines, not to be adopted by jurisdictions as a code or regulation. The ASHRAE industrial standard does not contain mandatory compliance procedures.

National Restaurant Association members are urged to write to the ASHRAE board of directors, asking that ASHRAE Standard 100.6 be withdrawn and that it be rewritten along the lines of proposed ASHRAE 100.4.

For more specific information, call Andrew Poledor, NRA director of technical services at (312) 787-2525, or write to ASHRAE at Board of Directors, ASHRAE, 1791 Tullie Circle, N.E., Atlanta, GA 30329.

SHORT ORDERS

Restaurateurs benefit from NRA's new promotion study

Restaurateurs are continuing to use promotions and incentives as a means to attract new and repeat business. Many operators may find it difficult to choose the best and most effective type of promotion to use. They need answers to such questions as

- What type of promotion or incentive will appeal most to restaurant patrons?
- What type of promotion or incentive will appeal to children and teenagers? To people under 25? To senior citizens?
- What type of promotion or incentive will appeal to singles? To families with children? To working women?
- How often will consumers use a particular promotion?
- How do I advertise my promotion?
- Will a promotional campaign attract new business?

Reactions To and Use of Restaurant Promotions by Consumers, NRA's latest consumer attitude and behavior study, can answer these and many other questions about restaurant promotions and incentives. The 50-plus page publication contains a summary of pertinent findings, including a special "how to use" section and numerous statistical tables. To order your copy of this valuable report, contact NRA's educational materials department, 311 First Street, N.W., Washington, DC 20001, or call (800) 424-5156. Members should specify order number CS700 and non-members should specify order number CS701.

Let's hear from our readers

If you have got a bone to pick, a great idea or a question to ask — sound off in *NRA News*. We would like to start a "Letters to the Editor" column, but we need readership support. We are all in the same business, and chances are, if you have a problem or a solution, other members are interested.

If you don't think a letter is the right format for your thoughts, submit an article for our member column, Food for Thought. If your article is selected for reprint in *NRA News*, we will send you $50. Black and white photos are welcome. Subjects can range from successful promotional campaigns to sound-off commentary on the state of the industry.

Please send your letters and articles to Steven Dahllof, editor, *NRA News*, 311 First St., N.W., Washington, DC 20001.

National Building Code rejected

Last fall the National Conference of States on Building Codes and Standards (NCSBCS) decided against updating the National Building Code. NRA, along with other industries which would have been affected by a revival of the national code, strongly opposed efforts to update and maintain another code.

In a letter written to NCSBCS, NRA cited that the foodservice industry is already affected by thousands of building code requirements. Currently, three major codes are widely used, and NRA stated, "We can conceive of no need for a fourth." NRA's letter explained that an additional code would do little more than needlessly escalate the design and construction costs of foodservice facilities and other buildings.

In an unanimous vote, NCSBCS decided against reviving the national code. "Instead, they will establish a formal mechanism for participating in code-change cycles of the three existing code-writing organizations."

WASHINGTON REPORT

Music copyright fees resurfaces for small restaurants

A number of restaurant operators across the country have alerted NRA to problems they have had with the major performing arts societies, such as BMI and ASCAP, regarding the playing of radio music over loudspeakers in their restaurants. BMI and ASCAP maintain that the radio music is copyrighted and that restaurateurs should pay them a fee for the right to broadcast such music. NRA, however, contends that a restaurateur need not pay a fee to play music if certain requirements are met.

U.S. copyright law protects the rights of composers and publishers of music by requiring payment of royalties to the writers and publishers each time their music is played in public performance for profit. Most music, musical records and tapes produced today are copyrighted.

Practically, this means that a public performance of a copyrighted musical composition in any dining room of a restaurant, without the consent of the owner of that copyright, constitutes a "public performance for profit," requiring the payment of a royalty fee.

In the case of recorded music, performance rights are generally owned by one of the performing arts societies. These groups serve as agents for those who compose music. The two most widely known performing arts societies are the American Society of Composers, Authors and Publishers (ASCAP) and Broadcast Music, Inc. (BMI).

ASCAP and BMI do not attempt to police their legal rights to a royalty when their selections are played for profit on a song-by-song basis. Instead, they chose to negotiate contracts with restaurants that permit the operator to use all the works owned by the group in question.

Supreme Court rules in favor of restaurants. . .

In June of 1975, the U.S. Supreme Court held — in the case of *Twentieth Century Music Corporation et. al. v. Aiken* (422 U.S. 151) — that certain small restaurant owners could, without paying a copyright fee, use an ordinary home-radio amplified through loudspeakers to provide background music for customers.

However, in 1976 Congress rewrote the copyright law, and the question arose as to whether the new law overturned the *Aiken* decision. In Congress, during final debate on the 1976 copyright changes, the following statement was made concerning *Aiken*: "It is the intent of the conferees that a small establishment of the type involved in. . . *Aiken*. . . which merely augmented a home-type receiver and which was not of sufficient size to justify. . . a subscription to a commercial background music service, would be exempt."

In spite of the intent of Congress, ASCAP and BMI announced on Jan. 1, 1978, that all restaurants must pay royalty fees if they use a radio and loudspeakers for background music.

With the help of NRA, this issue was litigated in the case of *Leonard Bernstein et. al. v. Cal's, Inc.* In August of 1980, a U.S. District Court issued a memorandum order which ruled that using a home-type radio with loudspeakers in an Aiken-type restaurant was not a violation of copyright law. Unfortunately, Cal's — a company owning three Aiken-type fast food restaurants — went bankrupt before the judge rendered a final decision. No final decision was made, however, when NRA and Cal's asked that ASCAP pay court costs, the court granted the request.

There have been no similar test cases involving restaurants since this case was litigated. There have been test cases, however, involving retail stores equipped with highly sophisticated radios and loud speaker equipment. In these cases, the judges have ruled that copyright fees must be paid. On the basis of these decisions, ASCAP and BMI are again demanding that all restaurants pay license fees.

NRA is now attempting to determine the extent of this problem in the foodservice industry so consideration can be given to appropriate avenues of relief. If your operation is experiencing problems with BMI or ASCAP, please let NRA know. NRA is particularly interested in the cost of these demands upon the restaurant industry. Contact Clyde Griffith at NRA's Washington office.

Small business issues remain on congressional agenda

Congressional action on small business issues early this session suggests that small business concerns will remain high on both House and Senate agendas during 1982.

Research dollars for small business. . .

A bill passed by the Senate last session (S. 881) and currently being reviewed by the House would require federal departments and agencies with research and development budgets over $100 million to set aside three percent of their R&D budgets to support small business innovation research programs.

The House and Senate will also be looking at the Small Business Administration (SBA) programs. Although growth of small business is seen as a key to the President's current economic plan, the administration is said to favor elimination of SBA's $250-million-a-year direct-loan program.

Competition affects small business...

During the next few months, NRA expects the Senate to schedule hearings for the Small Business Committee on industry competition and its effects on small firms, urban enterprise zones, and SBA's surety-bond and economic development programs.

The House Small Business Committee is also expected to hold hearings on the Regulatory Flexibility Act to see if this one-year-old law is helping small business. (See January 1982 *NRA News*.) The act is designed to allow small businesses greater input into the regulatory process, and it requires that agencies tailor their rulemaking to the size and scope of those industries affected by the rules.

Federal government cited for late payments

How long would you stay in business if your operation slipped behind in its payments to creditors? What would your vendors say if your checks were as much as three months late?

You would not be in business long if you handled your operation in this manner. But this is precisely what Uncle Sam does. In fact, the federal government's bill-paying record is so bad that it has emerged as one of the major small business issues of the 97th Congress.

A 1978 study by the Government Accounting Office (GAO) found that 39 percent of all bills paid by the federal government are late. The average delay is 74 days. The General Services Administration (GSA), the government's main buyer, paid 74 percent of its invoices more than 30 days late. The Department of Transportation paid 64 percent of its bills late, and the old Department of Health, Education and Welfare paid 69 percent of its bills late.

In response to the GAO report, the Senate approved a bill (S. 1131), sponsored by Sen. John Danforth (R-MO), that would require federal agencies to pay interest on all late payments.

A similar measure in the House (H.R. 4709), as well as the Senate bill, are now being studied by the Government Operations Committee. At hearings held by a subcommittee, the Office of Management and Budget (OMB) announced that it opposed the legislation because of the additional administrative costs it would pose.

House and Senate go to conference on emergency energy allocation

The House and Senate both passed legislation the end of last year that gives the President authority to allocate oil and set petroleum prices in situations of severe shortages.

In any emergency energy allocation measure, NRA feels it is imperative that the entire agriculture production and distribution systems — from farm gate to restaurants and supermarkets — are given priority.

Both bills seek to restore powers to the President which were lost when the Emergency Petroleum Allocation Act (EPAA) expired on Sept. 30, 1981. EPAA was enacted in 1973 in response to the Arab oil embargo.

The Senate bill (S.1503), introduced by **Sen. James McClure** (R-ID), would authorize the President to formulate a plan for an emergency situation that could include price and/or allocation controls. This measure incorporates the allocation priority set forth in the 1973 law and gives agricultural production, rather than agricultural distribution, a third priority (after public health and safety and national security).

President given authority...

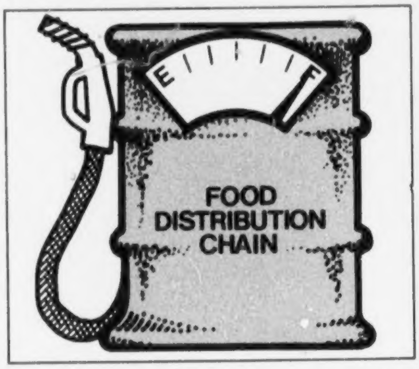
House legislation (H.R. 4700) introduced by **Rep. Philip Sharp** (D-IN) would provide a different type of emergency plan. During a supply shortfall, the bill calls for drawing down the strategic petroleum reserve (SPR). The proposed bill provides that the President be allowed six months to present a standby plan to Congress that would include use of SPR and possibly other broad authorities. The House bill does not provide for an allocation priority; it leaves such decisions to the President.

Neither the House nor Senate bill calls for gasoline rationing.

The differing versions of this legislation have been referred to a joint House/Senate conference committee for resolution. A final version will then be sent to the House and Senate for approval.

Priority must ensure entire food distribution chain...

NRA is following this issue closely. It found during the 1979 Iranian oil crisis that allocations and price controls worsened the supply situation. NRA generally favors market pricing and distribution when emergencies occur. However, if priorities are set for essential users in the new legislation, then NRA would support language that would ensure a full priority for all parts of the food distribution chain, including the points of final purchase to the consumer — stores and restaurants.



Although **President Reagan** has said he opposes the authority this legislation would give the chief executive, he made little effort to persuade members of Congress to vote against it. Reagan has said he believes the marketplace is best at allocating scarce resources.

Administrative hassles develop with targeted job groups

Because of recent changes in certification requirements under the Targeted Jobs Tax Credit (TJTC) program a number of NRA members are reporting problems in hiring individuals who fall into these categories. TJTC allows employers tax credits for hiring employees from one of nine underemployed targeted groups. By selecting an employee from one of these groups, employers can qualify for credits amounting to as much as half the wages paid to each worker for the first year of employment and one-quarter of the wages for the second year. A maximum credit of $3,000 is allowable for each worker during his or her first year of employment, and $1,500 is allowable for the second year.

The targeted groups include the handicapped, economically disadvantaged youth, recipients of supplemental security income, economically-disadvantaged Vietnam veterans, general assistance recipients, cooperative education students from economically-disadvantaged families, economically-disadvantaged ex-convicts, welfare recipients, registrants for the WIN (work incentive) program and involuntarily terminated CETA employees.

Last year NRA worked with Congress to extend the TJTC program through the end of 1982. Without an extension, the credit would have expired at the end of 1981 and many restaurateurs who hire workers in these groups would not have been able to continue to employ them.

When Congress enacted the extension, it also revised the rules that govern the administration of the credit. Due to new rules, local and state employment security agencies are required to issue eligibility vouchers to members of targeted groups before they can begin work under TJTC programs. Prior to last year's change, an employer could get an employee certified after he was hired.

Now when eligible workers apply for jobs, they are required to show a voucher to the employer, who must then submit a form to the local job service office. The job service office is required to send the employer a certification form on each worker. This form provides evidence for claiming a credit with the Internal Revenue Service (IRS).

Many NRA members have complained, however, that workers are not being certified or they are certified late as a result of footdragging and confusion in the local employment offices.

These members have identified a number of specific problems with the administration of the TJTC which are listed below. NRA is now gathering more information on these problems so it can suggest solutions to Congress and the U.S. Department of Labor. If you are having difficulties similar to those mentioned below, please contact the NRA's government relations department. NRA would also like to know the number of employees you have hired under the credit.

Problems with the TJTC...

- Employers have found in several cases that the local certifying offices are shorthanded, or that they consider the TJTC to be a low-priority item. Consequently, it is not unheard of for a certification to be held up for as long as two months, despite regulations stating that the certification form must be returned to the employer within 72 hours after the forms are received by the employment service agency.
- The law states that a written request for certification can be made to a job-service office prior to the starting date of an employee. However, NRA has learned that many of the local offices will not accept letters of request from employers. Others have made up their own rules that require an employee be certified within 15 days of the letter of request or the employer loses the certification.
- To prevent an employer from taking a credit twice on an individual, the law now provides that — "No wages shall be taken into account... with respect to any individual if, prior to the hiring date of such individual, such individual had been employed by the employer at any time during which he was not a member of a targeted group."

Several state job service agencies have interpreted this to mean that any rehire, irrespective of that individual's status during his previous employment, is ineligible to participate in the TJTC program with that employer. This is clearly not what the law says. As an example, there have been many cases where a young worker from an economically-disadvantaged family has been hired by an employer for a short period of time. The employee works several months and then quits. Suppose the employee was never certified for the TJTC program. Later, he may return to the same employer to work again. According to the law, if the employee is still economically disadvantaged, the employer is eligible for the TJTC. But several states have said that this employee cannot be certified because he is a "rehire."

What the NRA is doing...

NRA has contacted state restaurant association executives to make them aware of these problems and has asked that pressure be put on state job-service offices. NRA has also asked its action network — those members that are politically active — to help.

The Washington Lobbyist

Your congressman, and possibly one of your senators, are up for reelection this year. That means they will spend less time on Capitol Hill and more time back home campaigning to keep their seat. In the coming months, your congressman probably will be much more visible in your community than he was during the last year, and his presence should provide you with many opportunities to look at his record more closely and talk to him about issues.

The following Washington Report articles are designed to serve as a guide in communicating with your elected representatives and to help you understand the legislative process. The more you know about the workings of Congress, the easier it becomes to participate in the making of new legislation and the examination of existing policies. As an individual operator, you can do a great deal to help the NRA make Congress aware of our concerns on issues affecting the foodservice industry.

Tracking a bill

How legislation becomes law

Every day America's most powerful legislators make decisions that affect the way you do business. In order to assess intelligently the effect Congress has on your operation, it is essential that you know how the legislative process works. The system is a complicated one that involves a large number of confusing parliamentary procedures and an equally large measure of political savvy and horse-trading.

The following is a summary of how a bill is enacted into law. This description is by no means complete, but it should give you a good indication of how our legislative process works. NRA's government relations department is an additional source for information on how the system works and the status of individual bills that affect the industry.

The origin of legislation. . . ■■/■■

About 95 percent of all bills introduced die a quiet death at the end of each session. Over 14,000 bills were introduced during the 96th Congress; only 613 became law.

A bill can originate in either the U.S. Senate or the U.S. House of Representatives. The only exceptions are revenue bills, such as tax measures, which must originate in the House. Introduction of a bill may be accomplished in one of several ways

- a senator or representative may introduce a bill
- a bill may originate in a committee, such as an appropriations or tax bill
- or the President may suggest a legislative initiative which, in turn, is introduced in the form of a bill by a member of Congress.

Bills are assigned numbers in consecutive order of their introduction. House bills are referred to by the letters "H.R." (House of Representatives) and Senate bills are given the prefix "S." (Senate). Since there are frequently several bills concerning the same issue, the number each bill is assigned is very important. Copies of bills usually can be obtained within three days of their introduction from either the House Document Room or the Senate Document Room. The texts of bills are often printed in the *Congressional Record* — the daily, printed account of proceedings in the House and Senate chambers.

A member of Congress who introduces a bill may seek cosponsors for his legislation. This is usually accomplished through a "Dear Colleague" letter which asks other members for their support of a particular bill. A cosponsor is simply a member who has agreed to place his name on the bill. It generally indicates support of the measure, but cosponsorship is not binding. Members may request to have their names withdrawn or may decide to oppose the bill when it gets to the floor. The more cosponsors a bill has, the better chance it has of passing.

Referred to committee. . . ●●/●●

After a bill is introduced, it is referred to a legislative committee (or committees) that has jurisdiction over the subject of the bill. For example, a House bill concerning changes in the tax code, such as legislation to expand meal credits, would be referred to the House Ways and Means Committee. A Senate energy bill, such as the energy tax credit bill endorsed by NRA, would be referred to the Senate Energy and Natural Resources Committee. Generally, a bill is sent to only one committee with no time restrictions for reporting it back to the chamber. Bills of a controversial nature may be sent to two or three committees with overlapping jurisdiction concerning the issue. A bill dies if it is not reported out of committee by the end of a congressional session.

A bill which is sent to two or more committees is usually given a time restriction for reporting the legislation back to the chamber.

Most legislative work occurs in committees. . . ○○/○○

Most of the work on a particular bill occurs in the committees. The leadership and makeup of each committee are determined by the majority party. In the 97th Congress (the current Congress), the Senate committees are chaired by Republicans, and each committee has a Republican majority. In the House, the committees are chaired by Democrats, and each committee has a Democratic majority. This is the first time we have had a split Congress since 1931-33.

Each committee also has several subcommittees, which generally consider legislation before it reaches the full committee.

After a bill is assigned to a committee, comments are requested from the executive-branch agency which is responsible for its implementation if it is passed and from the General Accounting Office (GAO). These comments are reviewed by the Office of Management and Budget (OMB) and then forwarded to the congressional committee. Generally, a committee will not begin hearings or markup (changes) of a bill until such comments are received.

Hearings are not necessary, but often they are held by a subcommittee or committee to further determine the effect a bill may have on the area of concern. Hearings also help assess public opinion on the issue. Frequently, hearings are used by members to build support for a bill or to delay a bill.

Often committees will invite testimony from public and private witnesses and from other members of Congress not serving on the committee. Witnesses submit prepared statements in advance of the hearings and are usually asked to summarize their written remarks orally before the committee. After making their remarks, they are usually questioned by the chairman or other members of the committee. During 1981 NRA gave testimony and submitted comments on nine bills, ranging from tourism to shrimp import quotas.

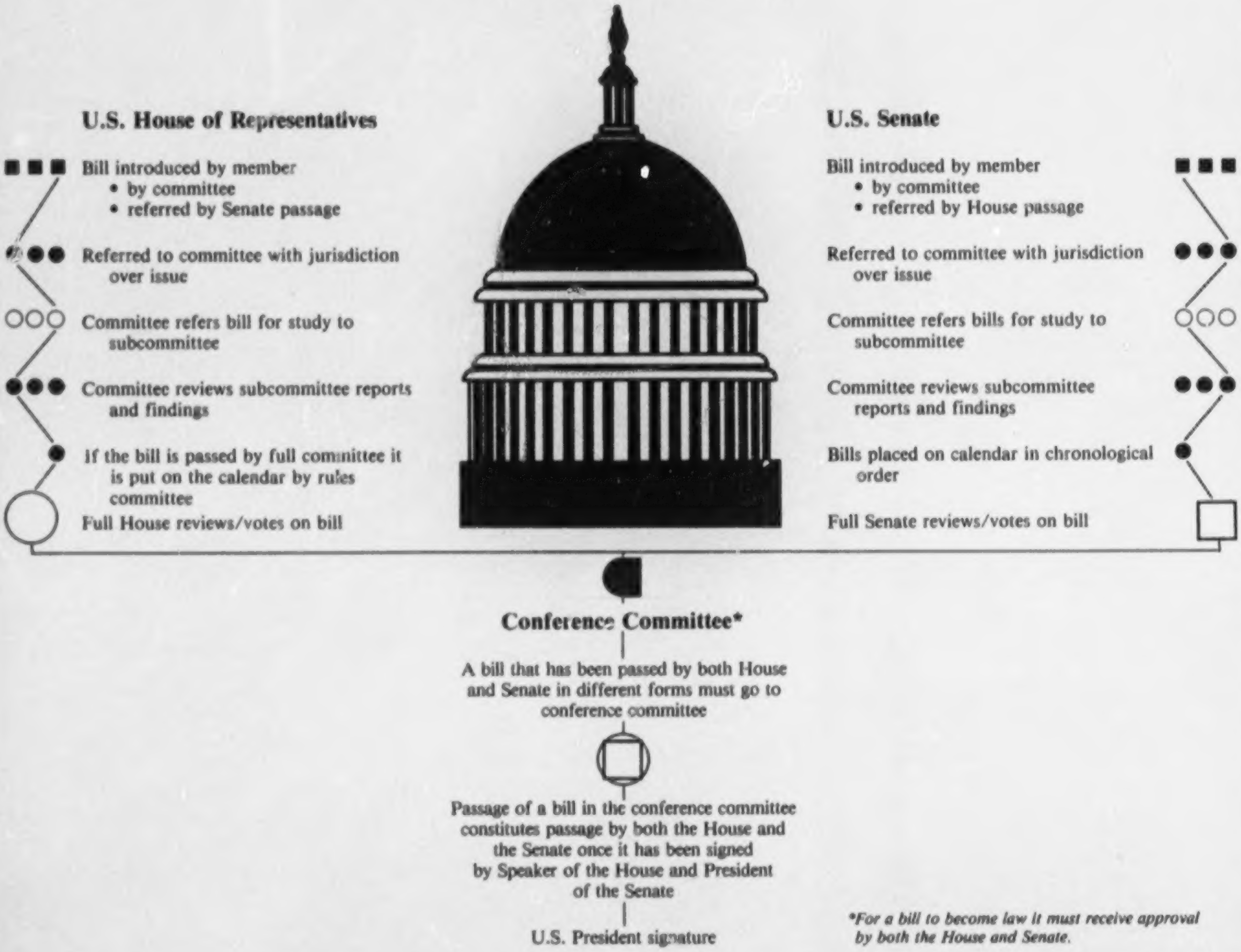
Most hearings are open to the public unless a closed meeting is called for a specific reason, such as national security or for the protection of a witness's identity. You may obtain a transcript of an open hearing by contacting the committee after the hearing. However, published transcripts are generally not made available for many weeks after a hearing because members are allowed to edit the transcripts. The hearing record may also stay open longer than just the day of the hearing to allow others to insert comments and statements.

Markup sessions. . . ●●/●●

Actual work on a bill occurs during markup sessions. During these sessions, amendments to a bill are considered and voted on. These meetings are generally open to the public although they can be closed for the same reasons a hearing may be closed. Votes on amendments may be by voice or by recorded vote. Recorded votes taken during markup are available from the committee office if you would like to see how a particular member voted.

Most committees prepare, and some

Passage of a bill



U.S. House of Representatives

■■■ Bill introduced by member
- by committee
- referred by Senate passage

●●● Referred to committee with jurisdiction over issue

○○○ Committee refers bill for study to subcommittee

●●● Committee reviews subcommittee reports and findings

● If the bill is passed by full committee it is put on the calendar by rules committee

○ Full House reviews/votes on bill

U.S. Senate

Bill introduced by member ■■■
- by committee
- referred by House passage

Referred to committee with jurisdiction over issue ●●●

Committee refers bills for study to subcommittee ○○○

Committee reviews subcommittee reports and findings ●●●

Bills placed on calendar in chronological order ●

Full Senate reviews/votes on bill □

Conference Committee*

A bill that has been passed by both House and Senate in different forms must go to conference committee

Passage of a bill in the conference committee constitutes passage by both the House and the Senate once it has been signed by Speaker of the House and President of the Senate

U.S. President signature

**For a bill to become law it must receive approval by both the House and Senate.*

even make available, working drafts of legislation as it progresses through markup. When a bill is undergoing markup, it is a good idea to check with the committee office about the availability of such a document.

When a bill is reported from a committee, it is accompanied by a report which includes the scope and purpose of the legislation, explanation of committee amendments, section-by-section analysis of the bill, views of executive departments and agencies whose comments were solicited, minority views and cost estimates. These reports — which are available from the committee office — are an invaluable resource for in-depth information if you are interested in the legislation.

Getting a bill to the Senate floor...

When a Senate bill is reported from its committee, it is placed on the Senate calendar for future consideration by the full chamber. In the Senate, a motion to consider any bill on the calendar is in order during the first two hours of a legislative day. Under the rules, any senator, at almost any time, can offer a motion to proceed to the consideration of a bill.

Debate on a bill in the Senate is generally unlimited. A "filibuster," a tactic used by senators to delay or block action on a measure, can occur after a bill has been called up and a member has gained the floor. Action on the motion to call up a bill can also be filibustered. The only way to cut off debate during a filibuster is to invoke cloture. Cloture is a petition requiring the signature of 16 senators.

An unlimited number of amendments may be added to a bill when it is before the full Senate, unless limited beforehand by unanimous consent. Committee amendments are taken up first, and, like all amendments, may be amended to the second degree — i.e., there can be an amendment to the amendment. One substitute amendment may be offered at the same time an amendment or an amendment to the amendment is under consideration.

Perhaps the most interesting aspect of floor debate in the Senate is that amendments generally do not have to be germane. That is, a "rider" may be attached to a bill on a subject completely foreign to the bill being considered. This often occurs on tax bills because the Senate by law cannot originate such measures. You may have read about Senate riders being attached to House money bills. These are often dubbed "Christmas tree" bills.

When a Senate-originated bill is passed, an "engrossed" copy is sent to the House. The engrossed bill is a copy of the legislation exactly as it was passed, including amendments. If the bill originates in the House, the Senate sends back the original engrossed bill, along with the engrossed Senate amendments and a request that the House concur with them.

Getting a bill to the House floor...

Getting a bill called up in the House is much more difficult than in the Senate. After a bill is reported from a committee, it is placed on one of four House calendars. Bills are placed on the calendars in chronological order. Generally, they are considered in order, however, a bill may be called up out of order, or it may never be called up.

To expedite a bill's consideration, a "rule" may be granted by the Rules Committee that allows the bill to be called up out of order. The Rules Committee has jurisdiction over resolutions relating to the order of business of the House and has the power to report these resolutions, which take bills out of calendar order for floor consideration. Needless to say, this gives the Rules Committee and its chairman substantial power over what is considered before the full House.

A bill may also be considered out of calendar order if a motion to suspend the rules and pass a specific bill is accepted. Such a motion is in order on any Monday or Tuesday the House is in session and during the last six days of a session.

In contrast to the Senate, amendments in the House must relate to the section of a bill to which they are attached. Committee amendments are always considered first, and then, if the bill has an "open" rule, amendments may be offered from the floor. All amendments can be modified to the second degree.

Filibusters are not allowed in the House. No congressman is permitted to speak longer than one hour without unanimous consent. There are, however, a number of delaying tactics employed by House members, but none are nearly as lengthy as a Senate filibuster.

As in the Senate, passage of a bill is often accomplished by a voice vote. The recorded vote in the House is similar to the Senate's roll call vote except that the House uses electronic machinery to record each member's vote. A recorded vote is also invoked if a member makes a point of order that a quorum is not present on a voice vote.

Conference committees...

Once a bill passes either the House or the Senate, it is sent to the other for action. The second chamber acts on the bill, makes its amendments and then sends it back to the original chamber with a request for concurrence. Many times differences between the House and Senate versions of a bill are so great that concurrence is impossible. In such cases, a House-Senate conference committee is appointed to reach a compromise on the legislation.

Acceptance of the conference report by both the House and Senate constitutes passage of the bill. Once this has occurred, a bill is "enrolled" by the enrolling clerk of that chamber where the measure originated. The enrolled bill is then signed first by the speaker of the House and second by the president of the Senate. The enrolled bill is then delivered to the White House for the President's approval.

Becoming law...

A bill becomes law on the day the President signs it unless otherwise stated in the bill itself. When Congress is in session, the bill becomes law if the President takes no action within 10 days after he receives it. A pocket veto occurs when the President takes no action on a bill after Congress has adjourned. In this case, the bill dies.

An actual veto occurs when the President returns the bill unsigned to Congress with a veto message explaining why he objects to the legislation. The vetoed bill goes to the chamber where the legislation originated. To override the President's veto, the chamber must consider the bill immediately and vote by a two-thirds majority to override the President's veto. The last time either the House or Senate overrode a presidential veto was in August 1980 on the Veterans' Administration's physicians' salary increase.

If the veto is successfully overridden by the first chamber, the second chamber then considers it. When both chambers vote to override a veto, the bill automatically becomes a law. If either of the chambers does not vote to override the veto or that vote fails, the bill dies. However, the first chamber has the option, if it sees that a two-thirds vote is not forthcoming, to refer the bill to a committee where it will start the legislative process again.

The Hill staff...

You must bear in mind when you are following legislation through Congress that most of the work on Capitol Hill is done, not by the 535 elected legislators, but by professional staffers working for the members themselves or the various committees. Often these staffers will be more accessible to you than your senator or representative, and they will be familiar with the particular legislation you are interested in. Getting to know the staff member responsible for a certain piece of legislation is often just as important as getting to know your congressman.

Generally speaking, every congressional office has a legislative assistant (LA) that can answer your questions on specific measures that your representative or senator may have introduced or sponsored. LAs may also be able to provide background material from various sources, including the Library of Congress, on legislation that interests you.

Finally, you should realize that the legislative process is almost never a smooth and precise one. Deviations are the rule rather than the exception, so expect the unpredictable.

Getting a response from Congress

It is simply not true that elected government officials ignore their morning mail. That would be poor politics. "Government does listen," says Rep. Millicent Fenwick (R-NJ), who recently changed her mind on a bill because a restaurant operator in her district opposed it and his opposition made good sense.

"There are cases where one letter from a constituent has changed regulations nationwide," Fenwick notes. Comments are particularly helpful when a member is wavering on an issue. Don't be discouraged, however, if following your written effort, the member's vote is still unfavorable to your position. Remember that other persuasive people probably contacted the member, and next time the vote may go your way.

It is important, however, that a message be presented as effectively as possible. Here are a few pointers.

- It is a good idea to confine yourself to one subject. Otherwise, you decrease the force of your argument and complicate your legislator's efforts to act upon it.
- Brevity is essential. Although this should not be achieved at the expense of clearness and completeness, a letter that is more than two pages long is liable to be saved for another day. One page is the best of all.
- State your purpose at the outset, and use the remainder of the letter to expand your views.
- It is true that many of the matters you will be writing about will be emotional, but beware of the nonfactual argument. It will make your representative less willing to listen next time.
- Legislators seldom base decisions on mere philosophy. They want to know how their votes will actually affect constituents and, therefore, reelection. Give facts and illustrations. Don't just recite barren concepts.
- Do not assume that a member is as well-informed as you about a given problem. A member cannot keep abreast of everything. Explain the situation.
- Letters about a particular piece of legislation should include both its number (if you know it) and subject matter, because there are frequently several bills concerned with a given topic.
- Your attitude is important. An official is just like anyone else. A polite, positive-sounding letter is more likely to impress him than one that starts, "I realize that you probably won't pay any attention to this...," or even worse, one that is threatening.
- Be certain that your name and address are on both the envelope and letter.
- As with everything else, addressing correspondence to legislators has its particular etiquette. Although a lot of people do not know the correct greeting for a senator, you can be sure the senator does. And being proper can only gain you points. Any legislator in this country is called Honorable (Hon. John Smith) on the envelope and inside address. The salutation, though, treats representatives and senators differently (both state or U.S.). Representatives are addressed as Mr., Ms. or Mrs., and senators are called Senator.

Despite all these precautions, do not forget that you are the boss. You vote these people into office and pay their salaries once they are in. So whether it is to laud or enlighten, write — tactfully.

Remember to send a copy of your letter to the National Restaurant Association plus any response you receive. Keeping abreast of your correspondence with congressmen and senators allows NRA to continue to represent you well in Washington.

FEDERAL

The government's allowance

Congressional budget process

Budgetary timetable...

Fifteen days after Congress convenes — The President submits his budget to Congress (generally in January of each year). In recent years, the President has submitted his current services budget in January as well, even though the 1974 act stipulates that the current services budget be submitted on or before November 10 of the preceding year.

March 15 — Congressional committees and joint committees submit reports to the House and Senate Budget Committees.

April 1 — The Congressional Budget Office submits its report to the Budget Committees. The Budget Office normally submits its five-year budget projection at this time also.

April 15 — The Budget Committees report their first concurrent resolution on the budget to their chambers.

May 15 — Congressional committees report bills and resolutions authorizing new budget authority, and Congress completes action on the first concurrent resolution on the budget.

July 15 — The President submits his mid-year budget review of the current and upcoming fiscal year.

Seventh day after Labor Day — Congress completes action on bills and resolutions which provide new budget authority and new spending authority.

September 15 — Congress completes action on the second required concurrent resolution on the budget. This one is considered binding.

September 25 — Congress completes action on a reconciliation bill or resolution, or both, implementing the second required concurrent resolution.

October 1 — The new fiscal year begins.

Glossary of congressional terms

Adjournment Sine Die — Adjournment without definitely fixing a day for reconvening. Used to indicate the final adjournment of a session of Congress.

Authorization Bill — Authorizes a program, specifies its general aim and conduct and puts a ceiling on monies that can be used to finance it. Usually enacted before an appropriation bill is passed.

Appropriation Bill — Grants the actual monies approved by authorization bills. An appropriation bill originates in the House and normally is not acted on until its authorization measure is enacted.

Clean Bill — Combines an original bill and major revisions made to it by a committee into a new measure, or "clean bill." The new measure, which carries a new number, is then sent to the floor for consideration. This often is used to save time because otherwise committee-recommended changes would have to be considered one at a time by the chamber.

Resolution — (H Res or S Res) Deals with matters within one house or the other. It requires neither passage by the other chamber nor approval by the President, and it does not have the force of law.

Concurrent Resolution — (H Con Res or S Con Res) Must be passed by both houses but does not require the signature of the President and does not have the force of law. Concurrent resolutions generally are used to make or amend rules applicable to both houses or to express the sentiment of the two houses.

Joint Resolution — (H J Res or S J Res) Requires the approval of both houses and the signature of the President, just as a bill does, and has the force of law if approved.

Point of Order — An objective raised by a congressman that the chamber is departing from rules governing its conduct of business.

Recess — Unlike adjournment, does not end a legislative day and, therefore, does not interfere with unfinished business. The House, which operates under much stricter rules than the Senate, usually adjourns from day to day. The Senate often recesses.

Rescission — An item in an appropriation bill rescinding or cancelling funds previously appropriated but not spent.

Planning a meeting with your congressman

When you want to meet with a member of Congress to solicit support for or against a project, you may wish to consider the following suggestions.

- Make an appointment, stating the time required for your meeting, who will be present and the subject of the meeting.
- If two or more are together, select one primary spokesperson in advance and agree on your presentation and approach.
- Know the facts. This means both the legislative facts and the facts related to your position.
- Present the facts in an orderly, concise manner.
- Demonstrate the impact of the legislation or program on your business and, where appropriate, the nation.
- If possible, relate any adverse impact of the program or legislation to the congressman's own district or state.
- Leave fact sheets with your representative.
- Allow time and encourage questions. Answer them factually, not argumentatively.
- Ask for favorable consideration and even a favorable vote.
- Get up, thank the member for the time and courtesy offered you and leave promptly.

Please contact NRA's government relations department concerning any meetings you might have planned with your congressman or senator. The NRA staff can brief you on issues and provide background information on a particular member.

STATE DEPARTMENT

State revenue bills may affect restaurant taxes

Forty-one state legislatures have been in session so far this year, and two more are scheduled to convene in the near future (Louisiana on April 19 and North Carolina on June 2). Arkansas, Montana, Nevada, New Hampshire, North Dakota, Oregon and Texas are the only states not slated to meet although special sessions may be called at any time. Twenty-two states have carried over legislation from last year for deliberation during the 1982 sessions.

In an effort to stay on top of new bills and monitor them through the legislative process, the NRA state relations department has hired a computerized reporting service. "We now have a more sophisticated system for tracking state legislation affecting the foodservice industry and an insight into which bills are going to move," said Libby Hendrix, manager of state relations.

2000 bills affect industry. . .

Since January 1982, over 2,000 bills have already been introduced in the states which, if enacted, will affect the restaurant industry. Raising revenue is still a major preoccupation with the state legislators. As the Reagan administration trims the budget and cuts back on federal programs, states will have the problem of finding new ways to increase their revenue sources. NRA is concerned that more legislators will turn to the foodservice industry as one means of accomplishing this goal. Prospective sources of additional income include room and meal taxes, additional cigarette and liquor excise taxes and a tax on soft drinks.

Labor, liquor, energy and public health and safety are other legislative issues which have already generated many bills and much concern so far this year. Legislation related to the lowering of the age at which minors can work, third-party liquor liability, more stringent sanitation requirements and restrictions on the sale of imitation or imported foods are examples of measures which could affect foodservice operators across the country.

NRA encourages restaurateurs to watch legislation in their states and to work closely with their state restaurant associations. It is through combined efforts that legislation detrimental to the foodservice industry can be defeated in one state before it gets a foothold in many others.

State association educational programs focus on regional differences

Frequently, educational seminars for the foodservice industry require local orientation to address particular concerns. Since the National Restaurant Association's seminars cover interests which are more generic in scope, many state and local restaurant associations complement the NRA seminar schedule with educational meetings specifically designed for issues affecting their immediate area.

One topic of major interest encompasses labor laws and regulations. Labor seminars are held regularly by many state restaurant associations to educate their members in the frequently complicated and burdensome requirements of state minimum wage laws. These seminars are also necessary to bring restaurateurs up to date on any legislative changes in the statutes which would affect their employees or operations. Although many state labor laws are similar to the Fair Labor Standards Act, provisions covering issues, such as overtime, tip credit and hours of operation, differ widely from state to state.

Energy seminars localized. . .

Energy is another popular seminar topic in the states. As a result of nationwide energy "crunches" in the past, the state legislatures have borne the burden of developing energy conservation measures and plans for action in the event of an energy emergency. Restaurateurs should keep up to date on energy laws and regulations affecting commercial establishments in the states in which they operate. It is to their benefit to be aware of the many energy tax credits available to them for the installation of energy-efficient equipment and the variety of other techniques that can be used to keep operational costs down. It is also imperative that foodservice operators are conscious of building construction and renovation standards required by the states in which they operate.

"The state restaurant association executives are supplying their members with a valuable membership service which is important in keeping restaurateurs up to date on issues affecting them at the state and local levels," noted Jim Rogers, NRA director of state relations. "The efforts of the NRA seminar department, in cooperation with the state associations, keep restaurateurs current on a wide variety of subjects affecting their daily operation."

EDUCATION

Find profit, fight inflation with NRA's educational programs

Competition is tough, and the consumer dollar is getting tighter. In 1980 alone, 948 eating and drinking establishments failed. As new equipment, operational innovations and management techniques roll off the assembly line, it is imperative that restaurateurs keep on top of every facet of the foodservice industry. NRA's answer — whether you've been in business for two years or 20 years — is education.

The NRA seminar division offers 344 seminars a year on 34 different subjects, ranging from creating super soups and sauces to controlling food costs.

Workshops and seminars are designed so that with a one or two-day investment operators net a 365-days-a-year profit. "Getting away from the operation — away from the day-to-day problems — operators can take a far-sighted and objective look at their techniques and evaluate them next to seminar models as well as the practices of fellow restaurateurs," said Director of Educational Seminars John Rolfs. "Exchanging ideas with 25 people involved in the same issue is a tremendous advantage," he continued.

What does an NRA seminar offer?...

You name it!—thirty-four topics covering the entire foodservice spectrum. Ask yourself

- Do you know ways to make your operation special and different from your competitors? Attend the *Creative Merchandising Techniques* seminar and find out.
- What are the six critical principles of internal control? The *Practical Accounting for Foodservice Managers* seminar will help you understand them and use the information to set up better controls in your operation.
- Do you know what POS, ECR and minicomputers will generate for you? The *Computers* seminar is the place to find out.

"Our programs do not leave participants with vague generalizations about how to improve operations. Instructors are chosen because of their hands-on experiences and records of success," Rolfs explained. "We know that even one day away from the business is a big deal in the foodservice industry. Our response is simple: We provide

NRA's seminar staff and instructors plan schedules and locations for seminars to meet the needs of the industry.

BASIC SUPERVISION
Practical Accounting For Foodservice Managers
CONTROLLING LABOR COSTS
CONTROLLING BEVERAGE COSTS
SOUPS AND SAUCES WORKSHOP
OFF PREMISE CATERING
IMPROVING FOOD PRODUCTION METHODS
FISH AND SEAFOOD SEMINAR
BAR MANAGEMENT SEMINAR
SIMPLIFIED BAKING WORKSHOP
NRA

Brochures and pamphlets describe many NRA seminars. After reading through the special pull-out seminar schedule, write or call NRA's seminar department for more information on the programs which interest you.

you with the ability to get immediate and tangible results." (See insert for full range of topics.)

What it takes to put together a seminar. . .

According to Rolfs, "Our main priority is responding to our members' needs. You tell us what you need to know, and we contact the experts and put together a top-rate education program. The state associations help us choose the 70 seminar locations across the country by telling us what they want in their area. Four months is usually adequate leeway to select the site, promote the seminar, distribute a brochure and coordinate the schedule with the proper instructor."

NRA seminar topics are divided into three categories

- executive development seminars
- food production seminars and
- management level seminars.

Ready for a face lift?. . .

Restaurant Design and Facilities Planning is a two-day conference geared to foodservice owners and managers planning or currently involved in any foodservice design project from construction to remodeling and expansion.

Jack McCabe and Ted Thelander, both principals and founders of consulting firms which provide comprehensive facility planning, are the seminar instructors.

Typical of NRA's programs, this design seminar provides unequaled opportunity to have your project evaluated by two top experts in the field without making a major capital expenditure. Attendees are even encouraged to bring plans, blueprints and other project information for individual evaluation. The fee for this intensive two-day seminar is less than the cost of one day with a facilities design consultant.

Restaurant Design and Facilities Planning was held March 15–16 in Houston, TX and will be repeated on June 1–2 in Atlantic City, NJ.

"There probably aren't many operators in the business that would be able to go through any of NRA's 34 seminars without picking up useful information that ultimately resulted in increased profits. This is particularly true in foodservice, where change is inherent," stated Chairman of NRA's Education Committee Harris Rusitzky.

Change is inherent. . .

Probably no other area of the industry is as subject to change as sanitation. With local and state ordinances, scientific discoveries and product innovations, keeping up with sanitation issues is almost a daily job. In the *Practical Foodservice Sanitation* seminar, designed specifically for management and supervisory personnel in foodservice operations, NRA instructor Elizabeth Lang will wage a war on bacteria by discussing how purchasing, receiving, storage, preparation, display and servicing food all affect safety and wholesomeness. Lang is a full-time NRA seminar/coordinator with a master's degree in food science and nutrition. She also has foodservice-industry experience in operations management and quality assurance.

Vitally important information on foodservice sanitation, from safe food handling to proper facilities maintenance and how to meet regulations of your jurisdiction to keep safety and health regulators on your side, will be covered. You will learn training and self-inspection methods that will enable you to implement an on-going "inspection proof" sanitation program.

NRA's comprehensive *Sanitation Operations Manual* — loaded with practical information, self-inspection checklists and training guidelines — will make your sanitation program easy to'implement and maintain.

Managing basics...

There is probably nothing more basic to successful restaurant operations than dining room management — from hiring and training personnel to promoting your products.

NRA's *Dining Room Management* seminar is geared toward dining room managers, supervisors, maitre d's, owners, operators, trainers, personnel managers, hosts, hostesses, headwaiters, waitresses and promotions and guest relations managers.

Aaron B. Donatello, a full-time NRA seminar instructor/coordinator, draws on his years of management experience in chain restaurants across the U.S. to help managers sharpen skills and techniques.

Participants will explore methods of getting the most from their people and building a team of stars by hiring, training, developing, motivating, increasing productivity, providing feedback and recognizing and rewarding results.

Since 1976, over 44,900 people have attended NRA's 1,121 seminars. Are they successful, useful? Here's what some of the participants have said:

- "Dynamic and motivating!"
- "Excellent and practical seminar. Gave me a lot of new ideas."
- "Great innovative ideas. I have never enjoyed, or felt I had gotten so much out of a seminar."
- "I wish the rest of our staff could have been there."
- "Very informative and knowledgeable speaker. He covered a tremendous amount of information in a relatively short time."

Seminar instructors are well cast...

Elizabeth Lang and Aaron Donatello have already been introduced as NRA coordinator/instructors. James W. Barr is another. Prior to joining NRA, Barr gained extensive operations experience in both chain and independent organizations across the U.S., including a position as general manager for Victoria Station. In addition to managing existing bar and restaurant operations, Jim has been involved with opening new operations. He instructs NRA's *Controlling Beverage Costs* seminar in which he gives bar managers, owner/operators, general managers, food and beverage directors, accountants, controllers and auditors a chance to pick up new moneymaking ideas for their bar operation.

NRA's food production seminars all feature instructing chefs. Many are from the Culinary Institute of America in Hyde Park, NY, like Alfred Natale and Fritz Sonnenschmidt, who conduct the *Super Salads* seminar.

Private consultants, like Richard F. Roach, Jr., who is a CPA and manager in the Seattle office of Pannell, Kerr, Forster and Richard A. Swope, who is a CPA and manager in the Miami office of the same firm instruct the *Food and Beverage Operations Auditing* seminar.

Leading colleges are another source of NRA seminar instructors, including Dr. Samuel M. Gillespie, marketing advisor for the Texas A & M sea grant program and assistant dean for undergraduate programs in the University's College of Business Administration, who leads the *Fish and Seafood* seminar. Dr. Michael L. Kasavana, a professor at Michigan State University's School of Hotel/Restaurant Management, specializing in information and computerized systems for the hospitality industry, instructs the *Computers* seminar.

Who would benefit by attending an NRA seminar?...

Everybody. According to James Barr, "We are providing the industry with the opportunity to have their information updated by experts. Some operators inherited the business from their families. Others say they entered the business because it looked like fun, and they thought they could make a lot of money. They found that it wasn't as easy as they thought. This is where we come in. We provide them with information they need to survive.

Benefits shared by all seminars...

The fee of the seminars, books, local transportation and travel, meals and lodging while away from home are tax deductible under U.S. Treasury Regulation 1.162-5. Also, all seminars offer certificates of completion and wallet-size certification cards.

In-house presentations equal tailor-made savings...

If your company has 20 or more people interested in attending the same seminar, in-house, tailor-made presentations are the way to go.

"The presentations can be geared to meet your company's specific needs," said Larry Fidel, NRA manager of seminars and conferences.

"The great thing about in-house presentations is the financial savings. Not only is the attendance cost for participants reduced as the enrollment increases, but there is a savings on travel and lodging expenses since the seminar is held in the attendees home area," John Rolfs explained. "NRA would like to do a lot more of these in-house seminars. It is just another way that we can help pass along a convenience to the industry. It is cost-efficient for them and cost-efficient for us."

What's coming in the future...

John Rolfs, the newly appointed educational seminar department director, has some far-reaching plans. "We want to be even more responsive to industry needs from the 'ma and pa' operations — which include 85 percent of our members — to the large chains as well."

Educators go back to work

Teachers and administrators in the foodservice industry have a unique educational opportunity available to them through the joint efforts of NRA and the National Institute for the Foodservice Industry (NIFI), a non-profit foundation established to advance professionalism in the foodservice industry through education.

The NRA/NIFI teacher work-study grant program gives educators on-the-job experience as well as a glimpse of current developments and innovations in the foodservice industry.

The grants, made possible through NRA, and administered by NIFI, are awarded on a competitive basis to teachers and administrators involved in foodservice career-education programs.

This year 35 full-time instructors and administrators will take part in the NRA-NIFI program. Ten of the awardees are participating for the second or third time. According to William Stratton, NIFI president, the teacher work-study grant-award program enables the participants to enrich and update their knowledge of the industry and increase their capacity to relate that knowledge to their students.

Because of the positive response from participants, NRA expects the number of applicants will increase for the 1983–84 program.

A look at two previous winners...

For David Cohen, professor of hotel and restaurant management at Bergen Community College, Paramus, NJ, participation in the NRA/NIFI grant award program has been a tremendous learning experience. As a 1980 and 1981 award winner, Cohen worked in a fast food operation, setting up control forms and inventory systems. This past summer he managed the dining room of the Charleston Gardens, a table-service restaurant in Paramus, NJ.

While running the dining room, his major contribution was in the presentation of the pastries and cakes to the customer. He arranged for them to be displayed to customers on a tea wagon.

"Since the restaurant does all of its own baking, I worked with the baker to set up the cart in the morning. We also calculated the consumption the month prior to using the display cart; they were consumed by 70 percent of the customers," he explained. After a month of displaying desserts, Cohen discovered that the dessert average went up to 90 percent. "This proved so successful that the present manager probably will continue this method," he said.

Edward Martin, department head, hotel, motel management at Horry-Georgetown Technical College, Conway, SC, has been a grant-award winner since the inception of this program in 1979. Every summer for the past three years he has had the opportunity to return to South Carolina's Myrtle Beach Hilton to work in a different phase of hotel management. This past summer he discovered that the demands of a food and beverage auditor are often "mystifying, tedious, enlightening and always productive."

He worked the midnight-to-7 a.m. shift and was responsible for the collection and cataloging of guest checks, sales vouchers from tenant-operated and other facilities and payments to service providers.

Martin is convinced that his experience these past three summers has increased the amount of information he is able to pass on to his students. "It is one thing to treat classroom observation and discussion of sound financial accounting and management, relying chiefly on textbooks and case material, and quite a different matter to interpret direct, daily job experience as the key to student understanding of this crucial area," he added.

According to David Smith, director of the hotel, motel management department at North Carolina Wesleyan College, Rocky Mount, NC, participation in the program this coming summer

David Cohen, professor of hotel and restaurant management at Bergen Community College in New Jersey, teaches students the basics of dining room management.

FRENCH WINE

Cohen, like many other professors at HR&I colleges and universities, teaches a variety of courses. Here Cohen teaches students about wines — from taste to presentation.

will enhance what he does in the classroom.

"I haven't worked in the operational end of the industry for five years, and I am confident that my summer experience will help me go beyond the textbook," he said.

Smith will be working for Hardee's Food Systems, Inc., developing, assessing and evaluating existing programs for the training of management employees. "Hardees has an excellent human relations development department, and I know I will be able to relate this learning experience to my students. They will surely benefit from the work-study program," he said.

Carol Shanklin, foodservice management, nutrition and food sciences professor at Texas Woman's University, Denton, TX, will work in a supervisory/preparation position this summer for Highland Park Cafeterias. "I try to get back into the operations end at least once every two years. It is an effective way for me to keep up with the developments and trends in the foodservice industry," she explained.

Shanklin feels that her summer employment will be applicable to the classroom. "The foodservice industry holds a great opportunity for women. I encourage my students and tell them what a great, exciting industry the foodservice industry is. I'm sure participation in this program will make me even more aware of the opportunities," she added.

An excellent opportunity to get a more in-depth application in the industry is how Linda Underhill, professor of food principles at Rochester Institute of Technology, Rochester, NY, describes her desire to take part in the grant-award program this summer.

Underhill will be employed by the Serve-Rite Corporation, which operates 18 cafeterias and six in-store feeders. Her responsibilities include the auditing of accounts in industrial feeding and concession stands, writing status reports and training requirements and conducting price comparisons.

"I've worked in the operations end before teaching, but that was for a non-profit organization. This program will show me the profit-making end," she said.

Jeanne Puerta, Pikes Peak Community College, Colorado Springs, CO, will be head cook at a children's summer camp in Idaho Springs, CO. Her responsibilities include purchasing all of the food supplies and planning the daily menu for approximately 120 people. Puerta feels this experience will easily relate to her classroom teaching.

"I instruct the dietetic assistant program, and I will be able to give realistic examples of menu planning and food purchasing and preparation," she said. "But most importantly, I want my students to have an appreciation of hands-on experience. After I wash 1,000 potatoes, I think they'll understand what I mean."

NRA/NIFI goals...

NRA and NIFI have devised the following goals as the basis of the teacher work-study grant award program

- to provide foodservice educators with the opportunity to gain new perspectives from actual on-the-job industry experience
- to strengthen the relationship between industry and education and
- to improve the value and quality of all levels of foodservice education across the country.

Rules for participation...

All full-time instructors and administrators in a hospitality program are eligible. Educators should submit an application form to the National Institute for the Foodservice Industry, 20 N. Wacker Dr., Chicago, IL, 60606, by Nov. 1, 1982, for the 1983 program.

Grants are awarded on a competitive basis and are designed to supplement earnings during employment. They are not contingent on the total amount earned. Travel and temporary relocation allowances will also be available to selected individuals who work more than 100 miles from their school.

Grant recipients are required to work a minimum of eight consecutive weeks, averaging at least 40 hours per week.

Selection of the winners will be made by an independent scholarship committee of education and industry leaders.

By making the teacher work-study program money available, NRA reinforces the industry's commitment to a complete and varied educational experience. Additional information may be obtained by contacting NIFI at (312) 787-1703.

College graduates –

career goals meet industry needs

Get ready operators — here they come. Nearly 5,000 students will graduate from colleges and university hotel and restaurant programs this spring. Educated for foodservice careers, from preparation to financial management, they all have one thing in common — dedication to the foodservice industry as a profession.

Students' career goals are being met by the needs of the foodservice industry, which is becoming more complex — demanding greater technical expertise and stronger commitment to the principles of economics.

"Hotel, restaurant and institutional (HR&I) college-level programs are reflecting the sophistication and complexity of the industry," according to S.J. DiMeglio, president of Guest Services, Inc., formerly Government Services, Inc., of Washington, DC.

DiMeglio feels the restaurant industry as a profession is at least as demanding as any other industry in its need for educated, well-trained people.

Almost every job requires some special knowledge or skill. But a job becomes a profession, placement specialists say, when the body of knowledge grows too large to be learned only through hands-on training. During the past few decades, the foodservice industry has become professionalized.

Companies await graduates...

Many of the universities boast of placement rates within the industry of 100 percent.

According to Dr. Donald Greenway, a visiting professor at Florida International University (FIU) in Miami, employers seek out HR&I graduates. "On an annual basis this school (FIU) alone has between 100 and 200 companies who come here to recruit our graduates." Most of those companies are chains or multi-unit organizations, Greenway explained. Independent operators do not have the personnel people or the specialized departments to carry out such large-scale recruiting campaigns; Greenway estimates, however, that FIU receives about 6,000 inquiries a year from independents.

This eagerness to interview and recruit HR&I graduates is an example of industry's concern for productivity and efficiency, according to Dr. Michael Olsen of Virginia Polytechnic in Blacksburg. Olsen is president of the Council on Hotel, Restaurant and Institutional Education (CHRIE).

"It reflects a maturation process that has taken place in the industry. Employers have an appreciation for the kind of education people get in HR&I programs, such as the ones we have at Virginia Polytechnic, or at any of the hundreds of schools around the country," Olsen explained.

While various segments of the industry inevitably face different sets of needs for the future, changes in the economy and new technological developments clearly affect tomorrow's total business picture.

Need for financial managers...

"In the 1980s," Olsen stated, "I believe the strongest needs will be in the field of financial management. I see that in my private consulting work. I would say that nearly all the consulting work I've done in the past two years has had to do with finance, cash flow, capital budgeting and that sort of thing."

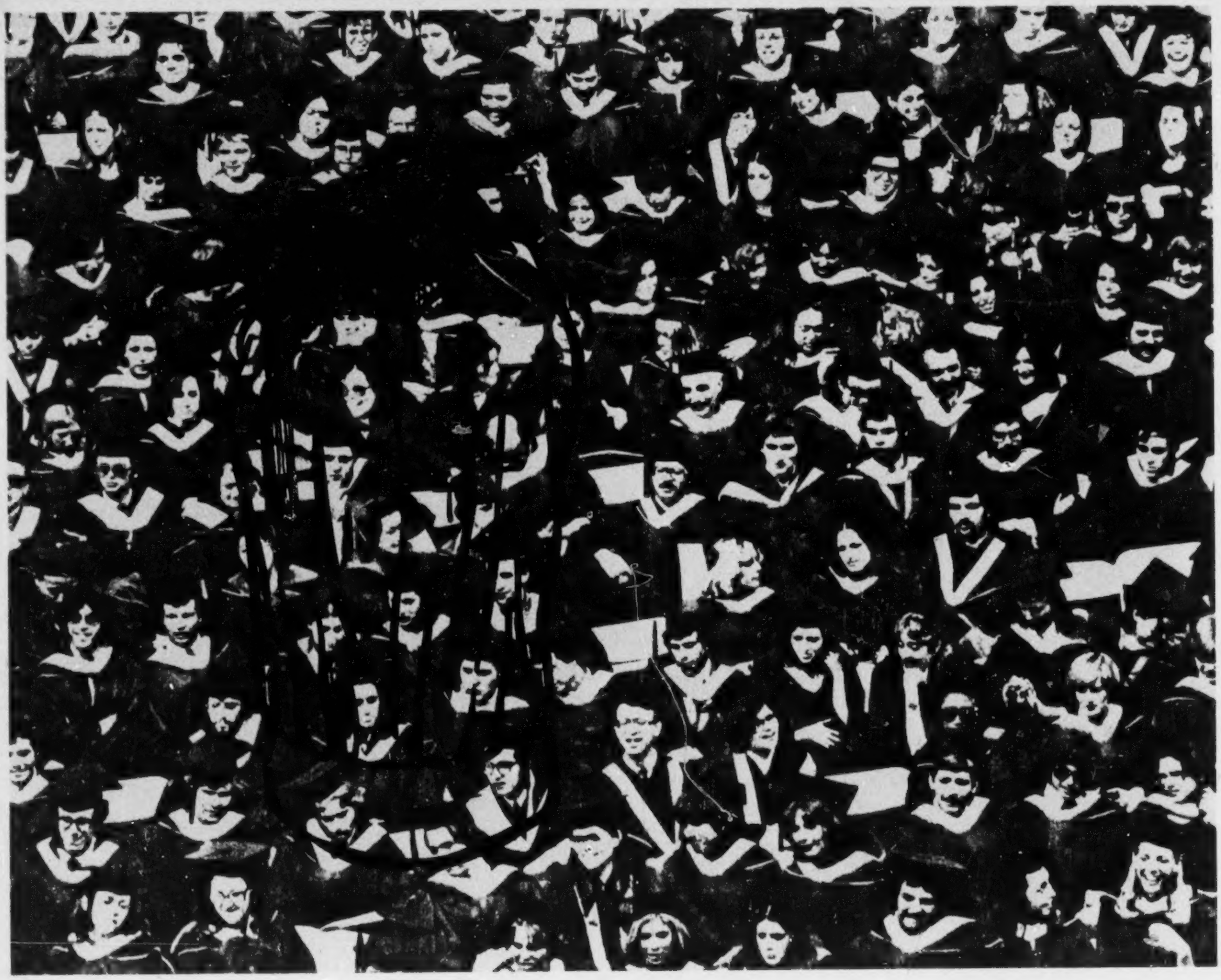
According to most educators and personnel directors in foodservice operations, however, the industry still needs generalists — just better educated, well-rounded generalists. They must be just as effective in the back of the operation as they are up front. "Fortunately most schools today offer that sort of panoramic approach to foodservice education," explained DiMeglio.

"The important thing to prospective employers," says Greenway of FIU, "is that rather than offering a single emphasis, we try to develop the kind of management and business skills that are most in demand today."

Creative students come out of school...

"That demand today is for creative people who can cope with a very wide variety of situations and circumstances, who understand finances, who understand marketing and who understand merchandising."

Merchandising has also become a major concern for this industry. Academic programs today are turning out good merchandisers. "That is an im-



portant aspect," Greenway says, "of the retail atmosphere in which we work."

According to Bill Monro, president of the California Restaurant Association, commitment is the bottom line. And the fact that HR&I students have made that commitment by spending four years in school studying and learning about the foodservice industry puts them ahead of someone who walks in off the street looking for a job.

Students work on the job...

Some operators admit, however, that although commitment and education are as strong a plus for any candidate, they still feel strongly about on-the-job experience.

According to Andrew Kelly, president of the Illinois Restaurant Association, this is particularly true among the successful independents who want to be able to bring somebody into the business and have them fit in as soon as possible.

Many students realize experience is what operators are searching for, and they are no longer hanging out at the beaches during summer vacations. Many of the college curriculums supplement their studies with summer intern programs, so students are able to combine their practical experience with on-the-job training.

Intern programs build experience...

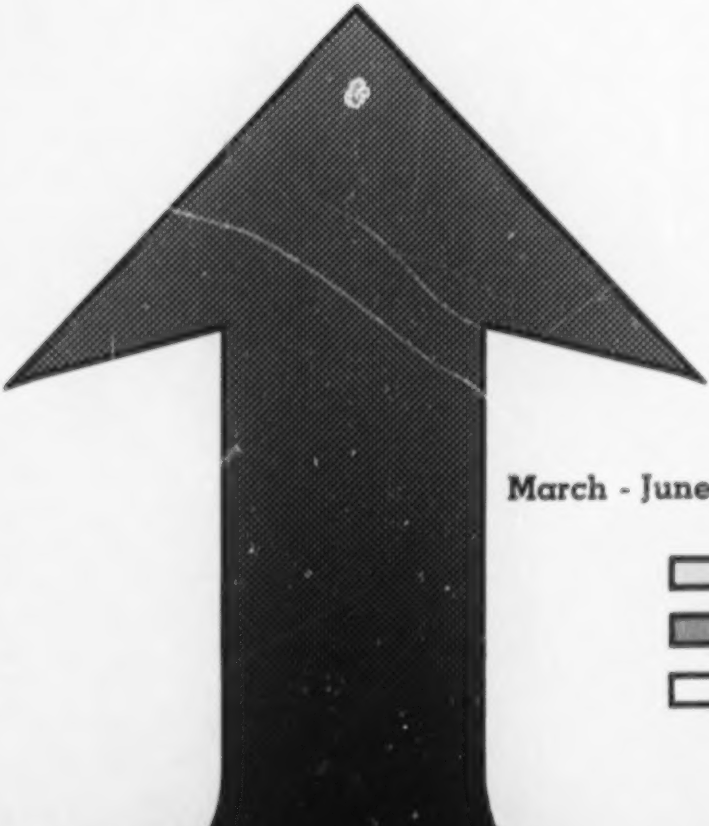
NRA Director of Human Resources Walter Ashcraft explained that many operators — both independents and large chains — have well-structured intern programs, and many interns go back to work full time for the same employer after graduation. "These intern programs have worked out beautifully for both operators and students. If students take full-time jobs with employers they have worked for during the past few summers, chances are the turn-over rate will be less, because expectations about a job are more in line with reality. Employers have been able to watch the students on the job, and they know if they are right for the company," explained Ashcraft.

For information on intern programs contact your nearest HR&I school or ask NRA for references.

As thousands of new graduates leave the 100 or so four-year HR&I programs, or graduates from the nearly 500 two-year college programs around the country, they arrive on the scene ready to work and utilize the knowledge they have gained.

National Restaurant Association

Seminars



March - June 1981

- ░ By Topic
- ▓ By Date
- ☐ By State

Special pull-out seminar schedule

Seminars by Topic

March - June 1982

Restaurateur's must keep on top of every facet of the foodservice industry. NRA has the way to help operators do this — educational seminars.

The NRA educational seminar division offers 344 seminars a year on 34 various subjects in 70 different cities.

A one or two day investment in a seminar can net an operator a 365-day-a-year profit.

"Immediate and tangible results are our goal," says Director of Educational Seminars John Rolfs. "Our main priority is responding to our members' concerns. You tell us what you need to know and we contact the experts and put together top-rate educational programs."

Practical Accounting for Foodservice Managers

Mar. 8	Newport Beach, CA
Mar. 10	Denver, CO
Apr. 19	Boston, MA

Food & Beverage Operations Auditing

Mar. 16	Seattle, WA
Mar. 31	Boston, MA
Jun. 10	Los Angeles, CA

Bar Management

Mar. 8-10	Tampa, FL
Mar. 15-17	Los Angeles, CA
Apr. 26-28	Philadelphia, PA
Jun. 7-9	Washington, DC

Simplified Baking Workshop

Mar. 10	Springfield, MA
Apr. 28	Detroit, MI

Basic Supervision

Apr. 13	San Mateo, CA
May 4	Burlington, VT
May 11	Dallas, TX
Jun. 15	Denver, CO
Jun. 17	Las Vegas, NV
Jun. 28	Tampa, FL
Jun. 30	Washington, DC

Budgeting and Profit Planning

May 22	Chicago, IL, NRA SHOW

Computers

Mar. 22	Cincinnati, OH
Mar. 24	Minneapolis, MN
Apr. 22	Washington, DC
May 22	Chicago, IL, NRA SHOW
Jun. 7	Dallas, TX
Jun. 9	Phoenix, AZ

National Conference

Human Resources Development

June 21-23	Washington, DC

Controlling Food Costs

Mar. 22	Rochester, NY
Mar. 23	Newark, NJ
Mar. 25	New Haven, CT
Apr. 5	Detroit, MI
Apr. 7	Columbus, OH
May 22	Chicago, IL, NRA SHOW
Jun. 21	Chicago, IL
Jun. 23	St. Louis, MO

Controlling Beverage Costs

Mar. 1	Seattle, WA
Mar. 4	Honolulu, HI
Mar. 29	Burlington, VT
Apr. 5	Milwaukee, WI
Apr. 7	Chicago, IL
Apr. 13	Houston, TX
Apr. 15	Kansas City, MO

Controlling Labor Costs

Mar. 1	Milwaukee, WI
Mar. 3	Chicago, IL
Mar. 22	Salt Lake City, UT

Creative Merchandising Techniques

Mar. 8	Boston, MA
Mar. 15	Portland, OR
Apr. 8	Denver, CO
Apr. 21	Washington, DC
May 6	Newark, NJ
Jun. 24	St. Louis, MO

Dining Room Management

Mar. 11	Norfolk, VA
Mar. 29	San Antonio, TX
Mar. 31	Dallas, TX
Jun. 7	Hartford CT
Jun. 9	Rochester, NY

Fish & Seafood

May 17	San Francisco, CA
May 19	Los Angeles, CA
Jun. 15	Detroit, MI
Jun. 17	Milwaukee, WI

Hiring Hourly Employees

Mar. 1	Houston, TX
Mar. 22	Baltimore, MD
Apr. 5	Atlanta, GA
Apr. 13	Portland, ME
Apr. 26	Newport Beach, CA
May 22	Chicago, IL, NRA SHOW
Jun. 28	Seattle, WA

How to Prepare an Employee Manual

Mar. 15-16	Scottsdale, AZ

Improving Food Production Methods

Mar. 9	Newport Beach, CA
Mar. 11	Scottsdale, AZ
Apr. 5	Cherry Hill, NJ
Apr. 22	Rochester, NY
Apr. 29	Pittsburgh, PA
May 10	Dallas, TX
Jun. 15	Minneapolis, MN
Jun. 21	Honolulu, HI
Jun. 24	Portland, OR

Kitchen Management

Mar. 24	Albuquerque, NM
Apr. 13	Baltimore, MD
Apr. 15	Toledo, OH
Apr. 19	Oklahoma City, OK
Apr. 21	Minneapolis, MN
Apr. 29	Portland, OR
Jun. 7	Chicago, IL
Jun. 22	Boston, MA
Jun. 24	King of Prussia, PA

Location! Location! Location! How to Successfully Negotiate and Finance your New Operation

Mar. 29-30	San Francisco, CA

Management Recruitment and Selection

May 22-23	Chicago, IL, NRA SHOW

Market Research

Mar. 4	Chicago, IL
Apr. 3	Seattle, WA
Apr. 6	Long Beach, CA
Jun. 14	Houston, TX

Marketing for Profit

Apr. 14-15	Los Angeles, CA
May 22-23	Chicago, IL, NRA SHOW

Practical Meat Workshop

Mar. 15	Wichita, KS
Mar. 17	Dallas, TX
Apr. 19	Seattle, WA
Apr. 21	Denver, CO
May 4	Atlanta, GA
Jun. 21	Los Angeles, CA
Jun. 23	San Francisco, CA

Menu Development

Mar. 16	Detroit, MI
Mar. 18	Cleveland, OH
Apr. 5	Houston, TX
Apr. 7	Phoenix, AZ
May 22	Chicago, IL, NRA SHOW
Jun. 3	Hyannis, MA

Practical Foodservice Sanitation

Mar. 4	Memphis, TN

Off-Premise Catering

Mar. 8-9	Las Vegas, NV
Mar. 29-30	Boston, MA
Apr. 19-20	Tampa, FL
May 22-23	Chicago, IL, NRA SHOW

Operational Analysis

May 22-23	Chicago, IL, NRA SHOW

Performance Review

Mar. 2	Houston, TX
Mar. 23	Baltimore, MD
Apr. 6	Atlanta, GA
Apr. 14	Portland, ME
Apr. 27	Newport Beach, CA
May 23	Chicago, IL, NRA SHOW
Jun. 29	Seattle, WA

Real Estate and Site Selection

Mar. 22-23	Atlanta, GA
May 22-23	Chicago, IL, NRA SHOW

Restaurant Design and Facilities Planning

Mar. 15-16	Houston, TX
May 22-23	Chicago, IL, NRA SHOW
Jun. 1-2	Atlantic City, NJ

Soups & Sauces Workshop

Mar. 15	Toledo, OH
Mar. 31	San Francisco, CA
Apr. 26	Scottsdale, AZ
Apr. 28	San Diego, CA
May 5	Seattle, WA
Jun. 14	Orlando, FL
Jun. 17	Williamsburg, VA

Super Salads

Mar. 4	Philadelphia, PA
Mar. 25	Williamsburg, VA
Apr. 7	Hartford, CT
May 6	Nashville, TN

How to Turn your Restaurant Business into a Private Tax Shelter

May 22-23	Chicago, IL, NRA SHOW

Winning! Labor Law, Negotiations and Unions

Mar. 29-30	Washington, DC

Seminars by Date

March-June 1982

March 1982

3/1	Controlling Beverage Costs, *Seattle, WA*
3/1	Hiring Hourly Employees, *Houston, TX*
3/1	Controlling Labor Costs, *Milwaukee, WI*
3/2	Performance Review, *Houston, TX*
3/3	Controlling Labor Costs, *Chicago, IL*
3/4	Controlling Beverage Costs, *Honolulu, HI*
3/4	Practical Foodservice Sanitation, *Memphis, TN*
3/4	Super Salads, *Philadelphia, PA*
3/4	Market Research, *Chicago, IL*
3/8	Creative Merchandising Techniques, *Boston, MA*
3/8	Practical Accounting for Foodservice Managers, *Newport Beach, CA*
3/8-9	Off Premise Catering, *Las Vegas, NV*
3/8-10	Bar Management, *Tampa, FL*
3/9	Improving Food Production Methods, *Newport Beach, CA*
3/10	Simplified Baking Workshop, *Springfield, MA*
3/10	Practical Accounting for Foodservice Managers, *Denver, CO*
3/11	Improving Food Production Methods, *Scottsdale, AZ*
3/11	Dining Room Management, *Norfolk, VA*
3/15	Soups & Sauces Workshop, *Toledo, OH*
3/15	Creative Merchandising Techniques, *Portland, OR*
3/15	Practical Meat Workshop, *Wichita, KS*
3/15-16	How to Prepare an Employee Manual, *Scottsdale, AZ*
3/15-16	Restaurant Design and Facilities Planning, *Houston, TX*
3/15-17	Bar Management, *Los Angeles, CA*
3/16	Menu Development, *Detroit, MI*
3/16	Food & Beverage Operations Auditing, *Seattle WA*
3/17	Practical Meat Workshop, *Dallas, TX*
3/18	Menu Development, *Cleveland, OH*
3/22	Hiring Hourly Employees, *Baltimore, MD*
3/22	Controlling Food Costs, *Rochester, NY*
3/22	Controlling Labor Costs, *Salt Lake City, UT*
3/22	Computers, *Cincinnati, OH*
3/22-23	Real Estate and Site Selection, *Atlanta, GA*
3/23	Controlling Food Costs, *Newark, NJ*
3/23	Performance Review, *Baltimore, MD*
3/24	Computers, *Minneapolis, MN*
3/24	Kitchen Management, *Albuqueque, NM*
3/25	Super Salads, *Williamsburg, VA*
3/25	Controlling Food Costs, *New Haven, CT*
3/29	Controlling Beverage Costs, *Burlington, VT*
3/29	Dining Room Management, *San Antonio, TX*
3/29-30	Winning! Labor Law, Negotiations and Unions, *Washington, DC*
3/29-30	Off-Premise Catering, *Boston, MA*
3/29-30	Location! Location! Location, How to Successfully Negotiate and Finance your New Operation, *San Francisco, CA*
3/31	Food & Beverage Operations Auditing, *Boston, MA*
3/31	Soups & Sauces Workshop, *San Francisco, CA*
3/31	Dining Room Management, *Dallas, TX*

April 1982

4/3	Market Research, *Seattle, WA*
4/5	Menu Development, *Houston, TX*
4/5	Improving Food Production Methods, *Cherry Hill, NJ*
4/5	Controlling Beverage Costs, *Milwaukee, WI*
4/5	Controlling Food Costs, *Detroit, MI*
4/5	Hiring Hourly Employees, *Atlanta, GA*
4/6	Market Research, *Long Beach, CA*
4/6	Performance Review, *Atlanta, GA*
4/7	Super Salads, *Hartford, CT*
4/7	Controlling Food Costs, *Columbus, OH*
4/7	Menu Development, *Phoenix, AZ*
4/7	Controlling Beverage Costs, *Chicago, IL*
4/8	Creative Merchandising Techniques, *Denver, CO*
4/13	Hiring Hourly Employees, *Portland, ME*
4/13	Kitchen Management, *Baltimore, MD*
4/13	Basic Supervision, *San Mateo, CA*
4/13	Controlling Beverage Costs, *Houston, TX*
4/14	Performance Review, *Portland, ME*
4/14-15	Marketing for Profit, *Los Angeles, CA*
4/15	Kitchen Management, *Toledo, OH*
4/15	Controlling Beverage Costs, *Kansas City, MO*
4/19	Kitchen Management, *Oklahoma City, OK*
4/19	Practical Meat Workshop, *Seattle, WA*
4/19	Practical Accounting for Foodservice Managers, *Boston, MA*
4/19-20	Off Premise Catering, *Tampa, FL*
4/21	Kitchen Management, *Minneapolis, MN*
4/21	Practical Meat Workshop, *Denver, CO*
4/21	Creative Merchandising Techniques, *Washington, DC*
4/22	Improving Food Production Methods, *Rochester, NY*
4/22	Computers, *Washington, DC*
4/26	Soups & Sauces Workshop, *Scottsdale, AZ*
4/26	Hiring Hourly Employees, *Newport Beach, CA*
4/26-28	Bar Management, *Philadelphia, PA*
4/27	Performance Review, *Newport Beach, CA*
4/28	Simplified Baking Workshop, *Detroit, MI*
4/28	Soups & Sauces Workshop, *San Diego, CA*
4/29	Kitchen Management, *Portland, OR*
4/29	Improving Food Production Methods, Pittsburgh PA

March 1982

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

April 1982

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

May 1982

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

June 1982

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May 1982

5/4	Practical Meat Workshop, *Atlanta, GA*
5/4	Basic Supervision, *Burlington, VT*
5/5	Soups & Sauces Workshop, *Seattle WA*
5/6	Super Salads, *Nashville, TN*
5/6	Creative Merchandising Techniques, *Newark, NJ*
5/10	Improving Food Production Methods, *Dallas, TX*
5/11	Basic Supervision, *Dallas, TX*
5/17	Fish & Seafood, *San Francisco, CA*
5/19	Fish & Seafood, *Los Angeles, CA*

NRA SHOW

5/22	Computers
5/22	Budgeting and Profit Planning
5/22	Controlling Food Costs
5/22	Menu Development
5/22-23	Hiring Hourly Employees/Performance Review
5/22-23	Operational Analysis
5/22-23	Off-Premise Catering
5/22-23	Real Estate and Site Selection
5/22-23	Restaurant Design and Facilities Planning
5/22-23	Marketing for Profit
5/22-23	How to Turn your Restaurant Business into a Private Tax Shelter
5/22-23	Management Recruitment and Selection

June 1982

6/1-2	Restaurant Design and Facilities Planning, *Atlantic City, NJ*
6/3	Menu Development, *Hyannis, MA*
6/7	Kitchen Management, *Chicago, IL*
6/7	Computers, *Dallas, TX*
6/7	Dining Room Management, *Hartford, CT*
6/7-9	Bar Management, *Washington, DC*
6/9	Computers, *Phoenix, AZ*
6/9	Dining Room Management, *Rochester, NY*
6/10	Food & Beverage Operations Auditing, *Los Angeles, CA*
6/14	Soups & Sauces Workshop, *Orlando, FL*
6/14	Market Research, *Houston, TX*
6/15	Basic Supervision, *Denver, CO*
6/15	Improving Food Production Methods *Minneapolis, MN*
6/15	Fish & Seafood, *Detroit, MI*
6/17	Basic Supervision, *Las Vegas, NV*
6/17	Soups & Sauces Workshop, *Williamsburg, VA*
6/17	Fish & Seafood, *Milwaukee, WI*
6/21-23	Human Resources Development, National Conference, Washington, DC
6/21	Practical Meat Workshop, *Los Angeles, CA*
6/21	Improving Food Production Methods, *Honolulu, HI*
6/21	Controlling Food Costs, *Chicago, IL*
6/22	Kitchen Management, *Boston, MA*
6/23	Practical Meat Workshop, *San Francisco, CA*
6/23	Controlling Food Costs, *St. Louis, MO*
6/24	Improving Food Production Methods, *Portland, OR*
6/24	Creative Merchandising Techniques, *St. Louis, MO*
6/24	Kitchen Management, *King of Prussia, PA*
6/28	Hiring Hourly Employees, *Seattle, WA*
6/28	Basic Supervision, *Tampa, FL*
6/29	Performance Review, *Seattle, WA*
6/30	Basic Supervision, *Washington, DC*

Seminars by State
March - June 1982

Arizona

3/11	Improving Food Production Methods (Scottsdale)
3/15-16	How to Prepare an Employee Manual (Scottsdale)
4/7	Menu Development (Phoenix)
4/26	Soups & Sauces Workshop (Scottsdale)
6/9	Computers (Phoenix)

California

3/8	Practical Accounting for Food Service Managers (Newport Beach)
3/9	Improving Food Production Methods (Newport Beach)
3/15-17	Bar Management (Los Angeles)
3/29-30	Location! Location! Location! How to Successfully Negotiate and Finance your New Operation (San Francisco)
3/31	Soups & Sauces Workshop (San Francisco)
4/6	Market Research (Long Beach)
4/13	Basic Supervision (San Mateo)
4/14-15	Marketing for Profit (Los Angeles)
4/26	Hiring Hourly Employees (Newport Beach)
4/27	Performance Review (Newport Beach)
4/28	Soups & Sauces Workshop (San Diego)
5/17	Fish & Seafood (San Francisco)
5/19	Fish & Seafood (Los Angeles)
6/10	Food & Beverage Operations Auditing (Los Angeles)
6/21	Practical Meat Workshop (Los Angeles)
6/23	Practical Meat Workshop (San Francisco)

Colorado

3/10	Practical Accounting for Food Service Managers (Denver)
4/8	Creative Merchandising Techniques (Denver)
4/21	Practical Meat Workshop (Denver)
6/15	Basic Supervision (Denver)

Connecticut

3/25	Controlling Food Costs (New Haven)
4/7	Super Salads (Hartford)
6/7	Dining Room Management (Hartford)

District of Columbia

3/29-30	Winning! Labor Law, Negotiations and Unions
4/21	Creative Merchandising Techniques
4/22	Computers
6/7-9	Bar Management
6/21-23	Human Resources Development National Conference
6/30	Basic Supervision

Florida

3/8-10	Bar Management (Tampa)
4/19-20	Off Premise Catering (Tampa)
6/14	Soups & Sauces Workshop (Orlando)
6/28	Basic Supervision (Tampa)

Georgia

3/22-23	Real Estate and Site Selection (Atlanta)
4/5	Hiring Hourly Employees (Atlanta)
4/6	Performance Review (Atlanta)
5/4	Practical Meat Workshop (Atlanta)

Hawaii

3/4	Controlling Beverage Costs (Honolulu)
6/21	Improving Food Production Methods (Honolulu)

Illinois

3/3	Controlling Labor Costs (Chicago)
3/4	Market Research (Chicago)
4/7	Controlling Beverage Costs (Chicago)
6/7	Kitchen Management (Chicago)
6/21	Controlling Food Costs (Chicago)

NRA SHOW

5/22	Computers
5/22	Budget and Profit Planning
5/22	Controlling Food Costs
5/22	Menu Development
5/22-23	Hiring Hourly Employees/ Performance Review
5/22-23	Operational Analysis
5/22-23	Off-Premise Catering
5/22-23	Real Estate and Site Selection
5/22-23	Restaurant Design and Facilities Planning
5/22-23	Marketing for Profit
5/22-23	How to Turn your Restaurant Business into a Private Tax Shelter
5/22-23	Management Recruitment and Selection

Kansas

3/15	Practical Meat Workshop (Wichita)

Maine

4/13	Hiring Hourly Employees (Portland)
4/14	Performance Review (Portland)

Maryland

3/22	Hiring Hourly Employees (Baltimore)
3/23	Performance Review (Baltimore)
4/13	Kitchen Management (Baltimore)

Massachusetts

3/8	Creative Merchandising Techniques (Boston)
3/10	Simplified Baking Workshop (Springfield)
3/29-30	Off-Premise Catering (Boston)
3/31	Food & Beverage Operations Auditing (Boston)
4/19	Practical Accounting for Food Service Management (Boston)
6/3	Menu Development (Hyannis)
6/22	Kitchen Management (Boston)

NRA Seminars by State

Michigan

3/16	Menu Development (Detroit)
4/5	Controlling Food Costs (Detroit)
4/28	Simplified Baking Workshop (Detroit)
6/15	Fish & Seafood (Detroit)

Minnesota

3/24	Computers (Minneapolis)
4/21	Kitchen Management (Minneapolis)
6/15	Improving Food Production Methods (Minneapolis)

Missouri

4/15	Controlling Beverage Costs (Kansas City)
6/23	Controlling Food Costs (St. Louis)
6/24	Creative Merchandising Techniques (St. Louis)

Nevada

3/8-9	Off-Premise Catering (Las Vegas)
6/17	Basic Supervision (Las Vegas)

New Jersey

3/23	Controlling Food Costs (Newark)
4/5	Improving Food Production Methods (Cherry Hill)
5/6	Creative Merchandising Techniques (Newark)
6/1-2	Restaurant Design and Facilities Planning (Atlantic City)

New Mexico

3/24	Kitchen Management (Albuquerque)

New York

3/22	Controlling Food Costs (Rochester)
4/22	Improving Food Production Methods (Rochester)
6/9	Dining Room Management (Rochester)

Ohio

3/15	Soups & Sauces Workshop (Toledo)
3/18	Menu Development (Cleveland)
3/22	Computers (Cincinnati)
4/7	Controlling Food Costs (Columbus)
4/15	Kitchen Management (Toledo)

Oklahoma

4/19	Kitchen Management (Oklahoma City)

Oregon

3/15	Creative Merchandising Techniqes (Portland)
4/29	Kitchen Management (Portland)
6/24	Improving Food Production Methods (Portland)

Pennsylvania

3/4	Super Salads (Philadelphia)
4/26-28	Bar Management (Philadelphia)
4/29	Improving Food Production Methods (Pittsburgh)
6/24	Kitchen Management (King of Prussia)

Tennessee

3/4	Practical Foodservice Sanitation (Memphis)
5/6	Super Salads (Nashville)

Texas

3/1	Hiring Hourly Employees (Houston)
3/2	Performance Review (Houston)
3/15-16	Restaurant Design and Facilities Planning (Houston)
3/17	Practical Meat Workshop (Dallas)
3/29	Dining Room Management (San Antonio)
3/31	Dining Room Management (Dallas)
4/5	Menu Development (Houston)
4/13	Controlling Beverage Costs (Houston)
5/10	Improving Food Production Methods (Dallas)
5/11	Basic Supervision (Dallas)
6/7	Computers (Dallas)
6/14	Market Research (Houston)

Utah

3/22	Controlling Labor Costs (Salt Lake City)

Vermont

3/29	Controlling Beverage Costs (Burlington)
5/4	Basic Supervision (Burlington)

Virginia

3/11	Dining Room Management (Norfolk)
3/25	Super Salads (Williamsburg)
6/17	Soups & Sauces Workshop (Williamsburg)

Washington

3/1	Controlling Beverage Costs (Seattle)
3/16	Food & Beverage Operations Auditing (Seattle)
4/3	Market Research (Seattle)
4/19	Practical Meat Workshop (Seattle)
5/5	Soups & Sauces Workshop (Seattle)
6/28	Hiring Hourly Employees (Seattle)
6/29	Performance Review (Seattle)

Wisconsin

3/1	Controlling Labor Costs (Milwaukee)
4/5	Controlling Beverage Costs (Milwaukee)
6/17	Fish & Seafood (Milwaukee)

If you have any questions concerning NRA seminars, please contact

National Restaurant Association
311 First St., N.W.
Washington, D.C. 20001
Telephone: (202) 638-6100
(800) 424-5156

NRA
NATIONAL
RESTAURANT
ASSOCIATION

TECHNICAL SERVICES

Sanitation programs — a must for all foodservice personnel

Responding to customers' demands for cleanliness and the public's trust for consumer health, the foodservice industry has expanded education programs in sanitation for all levels of personnel.

Program sponsors include foodservice companies, federal regulatory agencies and educational institutions.

What should one look for in choosing a course for management personnel or in establishing a sanitation program within their company?

Representatives of foodservice companies, educators and federal regulatory officials have established a model course for sanitation training programs. The Food and Drug Administration (FDA) has also established a list of programs meeting these requirements.

Program divided into 5 sections...

The recommended sanitation program is divided into five subject areas — food, facilities, codes and regulations, food handlers and management. The food section is designed to provide information on food borne diseases and their cause and prevention, as well as food storage, preparation and service.

The second course section on facilities covers the cleaning and sanitizing of equipment utensils, plumbing, proper waste handling, lighting, pest control and the storage of non-food supplies as single service items, linens and toxic materials.

The third portion, food handlers, should be used to discuss personal hygiene, dress and hand-washing habits, as well as practices which will minimize food handling and promote the use of utensils.

The codes and regulations section is intended to acquaint managers with the requirements of the local jurisdiction and familiarize them with the inspection report. The significance of major deficiencies should be discussed, as well as correctional procedures and penalties. It is advisable to seek the participation of your local regulatory body in this section.

Finally, the management section should provide information on self-inspection programs and the training and motivation of foodservice workers.

Time and exams required...

There are recommended time periods for each course — four hours for food, four hours for facilities, two hours for food handlers, two hours for codes and regulations and three hours for management.

Finally, one hour must be assigned for an examination — an integral part of the course.

The FDA advisory committee also recognized the need and value of independent study in certain instances. In such cases, seven hours are the minimum classroom hours required.

Besides providing the NRA *Practical Foodservice Sanitation* seminar, NRA has established in-house programs for a number of foodservice companies. For further information, contact the NRA seminar department at the Washington office.

While the training of managers is an excellent first step, sanitation education should be given to all levels of foodservice workers.

A wide selection of audiovisual programs are available from a number of suppliers. NRA, during the past year, has developed a series of three employee-training booklets titled "You Hold The Key."

The booklets are for service personnel, food preparation personnel and warewashers. They include a short self-examination and illustrations. They are available in both English and Spanish with liberal quantity discounts. Contact the NRA's public health and safety office in Chicago at (312) 787-2525 for ordering information.

Five-part sanitation program includes

- Food orientation
- Facility and equipment orientation
- Proper food handling
- Codes and regulations update
- Sanitation management

To meet all the Food and Drug Administration requirements an exam must be completed after students have taken all five segments of the program.

Future Chefs of America

Under the watchful eye of the instructor, each chef took his place behind the table to learn the day's lesson. After a brief lecture they proceeded to prepare culinary treats. Working in silence, they paused only to ask a question or clarify an ingredient. When they were done, they looked proudly at their masterpieces.

Master chefs at world famous restaurants? Almost, but not yet. These chefs are between the ages of three and eight, and they take part in a unique program called the Tiny Chefs. Run by the Montgomery County Department of Recreation in Maryland, the course is designed to teach children how to cook — perhaps the answer to a dream for every working mother.

Melinda Kessler, course instructor, has been teaching children the wonders of the kitchen for six years. She is a former elementary school teacher — with an abundance of patience — who realized early in her career that something between herself and children really works.

Appearing recently on the Charlie Rose Show, a syndicated talk show broadcast to 38 affiliate stations across the country by NBC-TV, Kessler explained how the Tiny Chefs program works.

In white aprons and chef hats...

"The children wear white aprons and chef hats; like real chefs, they are being taught a skill," she said. The children learn the basics of cooking, like measuring, mixing, cutting and shaping. They also learn the meaning and uses of several different ingredients and cooking terms, like yeast and baking. "I stress the nutritional value of each recipe that is prepared. I want the children to understand that good wholesome food is better than candy."

One of the dishes the children learn to prepare is called the tiny cone. The cones consist of cottage cheese, lettuce, raisins and cherries. "The children enjoy it," says Kessler, "just as much as ice cream." Other recipes prepared include tiny pretzels, tiny pizzas, and tiny tuna boats and salads.

"This is a fun course. That's what makes it so successful," explained Kessler. Apparently, all the parents agree. "They are always asking for recipes. They find the whole program quite a challenge," she said.

Part of the family unit...

"My daughter loves to go into the kitchen and prepare her own breakfast. It makes her feel very independent," explained one parent. Another parent said, "My children have become very adept at what they have learned. They feel more a part of the family unit when they can contribute to the mealtime preparation."

What about sexual stereotypes? According to Kessler, they don't exist in her class. "Boys enjoy the program as much as girls." One father enthusiastically said, "It gives my son a sense of accomplishment and pride. I would never discourage his participation in this class. He looks forward to it every week. It's just as important as any other skill he will ever learn."

Gourmet kids ready to cook...

After the children graduate from the Tiny Chefs program, they can enroll in the next course, Tiny Gourmets, also taught by Kessler. "This course is basically a continuation except we go into a little more detail. Most of the children return for the Tiny Gourmet course," she said.

What do the children think about all this? One little boy gave a succinct explanation of his feelings when he said, "My favorite part of the whole course is eating the food after we cook it."

The restaurant industry has a lot to look forward to if programs, such as the Tiny Chefs and the Tiny Gourmets, are continued. Anyone interested in a program like this should contact the Montgomery County Recreation Department in Maryland at (301) 468-4050.

FOODSERVICE TRENDS

Franchise restaurant sales total $28 billion in 1980

Franchising, as a method of distribution, has become a significant part of the U.S. economy, comprising numerous categories of commercial businesses. Franchise restaurants are an important part of this system, accounting for eight percent of total franchise sales and 13.6 percent of franchise establishments during 1980 in the U.S.

An annual survey tracking the franchise industry is conducted by the Bureau of Industrial Economics of the U.S. Department of Commerce and is the only study of its kind in the country. In 1980, 1,584 business-format franchisors completed questionnaires which represent 99 percent of franchise sales and establishments in the U.S. Results from this survey are compiled in the Department of Commerce publication, Franchising in the Economy, 1980–82.

Franchise restaurants recorded sales of $27.8 billion in 1980, according to a report recently released by the Department of Commerce, *Franchising in the Economy, 1980–1982.* Published annually, this survey of franchisors provides an important overview of the franchise restaurant business. The current findings encompass data on 425 franchise restaurant companies, which operate 59,959 company-owned and franchisee-owned units.

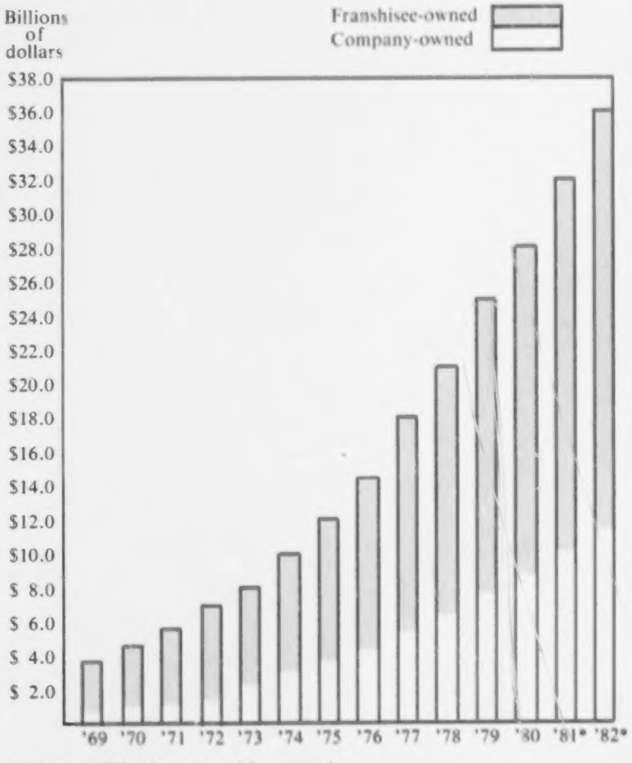
In 1980, 58 new companies began franchising while 32 firms either abandoned franchising or went out of business — a net gain of 26 new firms. Franchise restaurants — both company-owned and franchisee-owned — represent a very important segment of the commercial restaurant industry, accounting for 41 percent of eating place sales in 1980, up from 39.7 percent in 1979 and 26 percent in 1972.

Sales growth for franchise restaurant firms slowed somewhat in 1980, probably the result of declining customer counts and the recession. Sales advanced 12.5 percent in 1980, compared with a stronger 17.4 percent gain in 1979. Unit expansion also slowed considerably in 1980 — up only 1.7 percent from the year earlier. This slower growth is due primarily to record high interest rates which forced many companies to curtail their expansion plans. The moderate increase in the number of establishments may also have been a factor contributing to the slower sales growth recorded by franchise restaurants.

Estimates for 1981 and 1982 indicate franchise operators expect sales to increase faster than in 1980 — up 13.3 percent and 15.6 percent, respectively. They also project the number of units will increase at a faster rate, up six percent in 1981 and 8.8 percent in 1982.*

Sales gains for company-owned units outpaced those for franchisee-owned outlets in 1980, however, operators expect

Table 1
Franchise restaurant sales 1969-1982



**1981 and 1982 sales estimated by respondents.*
Source: U.S. Department of Commerce, Service Industries Division, Franchising in the Economy, 1980-1982.

**Readers should note these estimates are representative of the 425 franchise firms surveyed in the most recent Department of Commerce study and do not include any new or established firms that may have decided to begin franchising in 1980 and any present firms going out of business or abandoning the franchise system.*

a reversal of this trend in 1981 and 1982. Sales at company-owned units rose 13 percent in 1980 to a total of $9.1 billion, and sales for franchisee-owned units rose 12.3 percent to $18.7 billion. Franchisors project sales at company-owned units will rise 12.6 percent in 1981, compared with a somewhat faster gain of 13.6 percent predicted for franchisee-owned units.

Although the number of company-owned establishments also rose at a faster rate than franchisee-owned outlets in 1980 — 5.6 percent versus 0.2 percent — respondents expect franchisee-owned units will increase faster than company-owned units in 1981 and 1982.

The largest franchising firms continue to occupy a prominent place in the franchise restaurant industry. In 1980, 14 companies had more than 1,000 units, unchanged from the previous year but twice the total number of firms in this category since 1976. The number of firms in the second tier — 501-1000 units — totaled eight in 1980, also unchanged from the prior year.

Sales for the large multi-unit firms were $16.6 billion in 1980, or 59.5 percent of total franchise restaurant sales. In addition, they accounted for almost 55 percent of total franchise restaurant establishments.

Table 2
Principal type of service provided by franchise restaurant chains 1979–1980

Major activity	Self-service drive-in and drive-thru 1979	Self-service drive-in and drive-thru 1980	Waiter or waitress service 1979	Waiter or waitress service 1980
Chicken	30	32	2	3
Hamburgers, etc.	104	103	8	7
Pizza	42	48	31	35
Mexican	18	23	10	9
Seafood	8	8	3	4
Pancakes, waffles	0	0	16	17
Steak, full menu	20	19	74	83
Sandwich and other	30	31	3	3
Total	**252**	**264**	**147**	**161**

Note: This information represents the primary type of service offered, and it is expressed as the number of firms offering the service.

Source: U.S. Department of Commerce, Service Industries Division, Franchising in the Economy, 1980–1982

The majority of franchise firms, however, are relatively small. In 1980, 72 percent of the franchise restaurant companies had 50 or fewer outlets and accounted for only eight percent of total franchise restaurant sales.

Franchise restaurant firms continue to recognize the importance of offering customer amenities, such as waiter/waitress service or self-service and drive-in facilities, in order to compete with other restaurants. While most firms offer one type of service, 20 franchisors offer both types, but one clearly predominates, as shown in Table 2 in this article.

The number of franchise firms offering self-service or drive-in facilities totaled 264 in 1980, compared with 252 in 1979. This type of service is found most frequently at the more traditional fast food chains offering chicken, hamburgers, fish and other types of sandwiches.

The number of franchise firms offering waiter/waitress service totaled 161 in 1980 compared with 147 in the prior year. The largest number of firms offering table service are the steak/full-menu category. Eighty-three of these companies offered waiter/waitress service in 1980. Both types of service are common at pizza franchise establishments, with 48 firms offering predominately self-service or drive-in facilities and 35 companies offering waiter/waitress service. Pancake franchise restaurants, in contrast, offer waiter/waitress service only.

Hamburger firms continue to dominate...

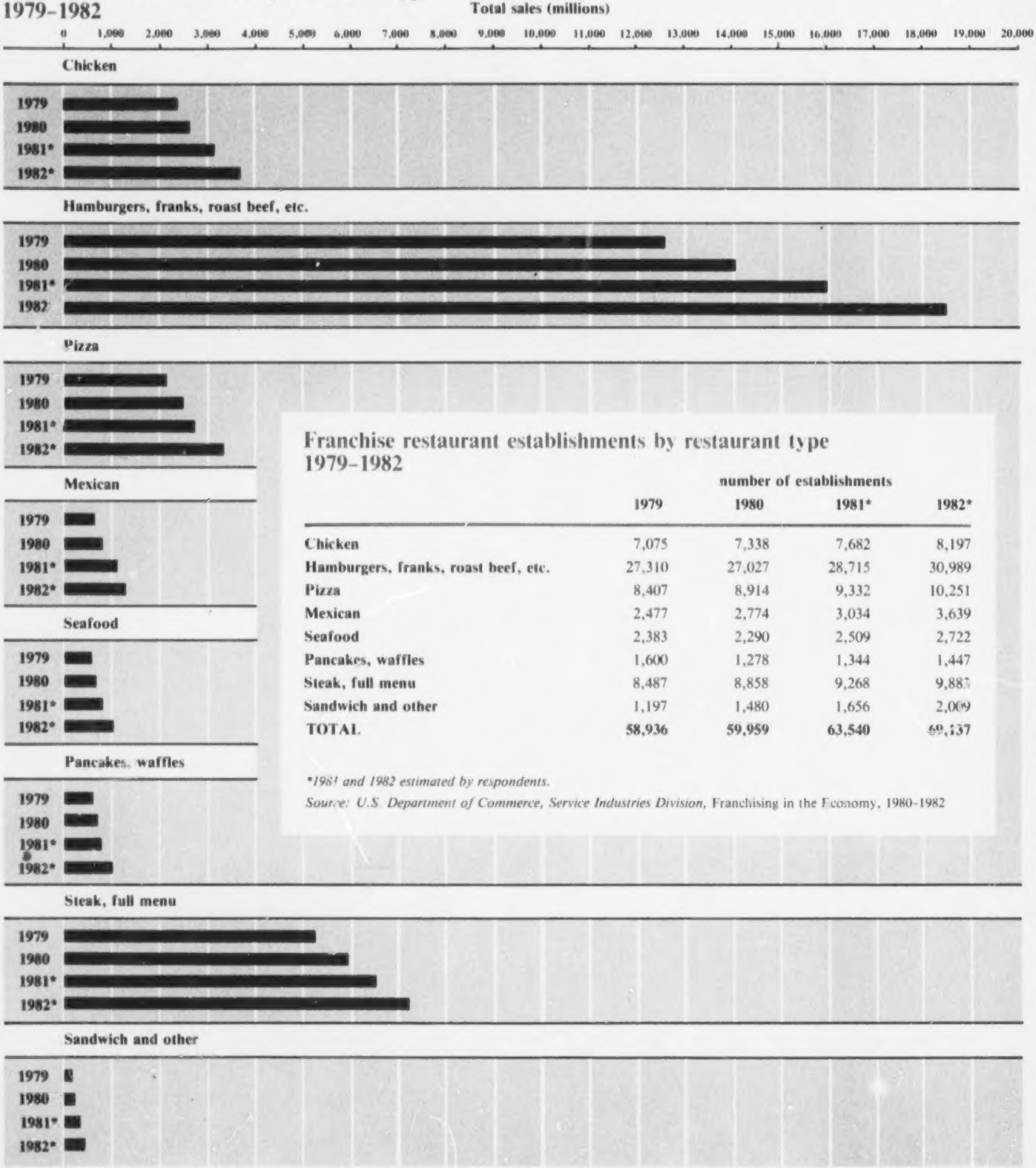
"Hamburger, frank and roast beef, etc." firms, which include several of the industry giants, continue to dominate the franchise sector of the restaurant industry, according to the Department of Commerce study. In 1980, they accounted for 50 percent of franchise restaurant sales and 45 percent of the establishments — down slightly from 51 percent and 46 percent, respectively, in 1979.

The $14 billion in sales for these franchise firms in 1980 represents almost 21 percent of total eating place sales, further indicating their importance to the foodservice industry. Sales growth slowed at hamburger, frank and roast beef establishments in 1980, however, increasing 10.1 percent, compared with a much stronger advance of 17.3 percent in 1979.

Hamburger franchisors predict sales will increase at a faster rate in 1981 and 1982 as the economy improves and the rate of inflation slows. They forecast gains of 14.1 percent in 1981 and 15.6 percent in 1982.

Company-owned unit sales were up 11.3 percent in 1980, while sales at franchisee-owned outlets increased at a somewhat slower 9.7 percent rate. The number of franchisee-owned units declined 2.2 percent in 1980. This drop in units may account for the slower rise in sales. Respondents fore-

Franchise restaurant sales by restaurant type 1979–1982



*1981 and 1982 sales estimated by respondents.

Source: U.S. Department of Commerce, Service Industries Division, Franchising in the Economy, 1980–1982

Franchise restaurant establishments by restaurant type 1979–1982

	number of establishments			
	1979	1980	1981*	1982*
Chicken	7,075	7,338	7,682	8,197
Hamburgers, franks, roast beef, etc.	27,310	27,027	28,715	30,989
Pizza	8,407	8,914	9,332	10,251
Mexican	2,477	2,774	3,034	3,639
Seafood	2,383	2,290	2,509	2,722
Pancakes, waffles	1,600	1,278	1,344	1,447
Steak, full menu	8,487	8,858	9,268	9,883
Sandwich and other	1,197	1,480	1,656	2,009
TOTAL	**58,936**	**59,959**	**63,540**	**69,137**

1981 and 1982 estimated by respondents.

Source: U.S. Department of Commerce, Service Industries Division, Franchising in the Economy, 1980–1982 cast sales at franchisee-owned units to increase at a faster rate than company-owned units in 1981 and 1982, however.

Number of pizza franchise firms increases by 10...

The number of pizza franchise firms increased by 10 in 1980, bringing the total to 83. Sales at these franchise establishments totaled $2.4 billion in 1980 — a 14.6 percent increase from the year earlier. This gain compares to a much stronger advance of 23.4 percent in 1979. Unit expansion slowed somewhat in 1980, increasing only six percent. Franchisors estimate sales will rise 13.2 percent in 1981 and an even faster increase of 19.6 percent in 1982.

Mexican food franchise sales total $878 million...

Sales totaled $878 million for Mexican food franchise restaurants in 1980 — up 26.5 percent over 1979 and well above the 8.1 percent advance franchisors had predicted for 1980 in last year's survey. Four new franchise firms entered this category in 1980 for a total of 32. This increase most likely contributed to the strong sales gains. The number of units totaled 2,774 in 1980 up 12.0 percent from 2,477 in the previous year. This strong rise, combined with the increasing popularity of ethnic foods, also resulted in better than expected sales performance. Franchisors predict sales growth will slow somewhat in 1981 — up 16.6 percent — but will experience a more rapid gain in 1982 — up 23.8 percent.

Sales rose faster at franchisee-owned establishments than at company-owned units in 1980 — 30 percent versus 22.4 percent. Franchise operators expected sales at company-owned units to increase 19.3 percent in 1981, compared with a 14.4 percent gain for franchisee-owned outlets.

Chicken franchise sales up 21 percent...

Chicken franchise sales increased 21.1 percent in 1980, considerably faster than the year earlier advance of 11 percent. The number of franchise firms in this category increased by three in 1980, contributing to its strong performance in the marketplace. Respondents forecast sales to increase in 1981 and 1982 but at slower rates of 13.8 percent and 17 percent, respectively.

Chicken franchise restaurants totaled 7,338 in 1980 — up 3.7 percent from 7,075 in 1979. Franchisors predict the number of units will expand at a faster rate of 4.7 percent in 1981 and 6.7 percent in 1982.

Seafood franchise sales total $786 million...

Seafood franchise sales totaled $786 million in 1980 — a gain of only 1.6 percent from the year earlier. This modest increase follows a strong advance of 37 percent in 1979.

The number of establishments declined 3.9 percent to 2,290 in 1980, contributing to the poor sales performance. Franchise operators expect sales to increase at a more rapid rate of 18 percent in 1981 and 15.3 percent in 1982. They also predict the number of outlets will rise faster than in 1980 — up 9.6 percent and 8.5 percent in 1981 and 1982, respectively.

Steak/full-menu franchise firms increase by eight...

The number of firms in the steak/full menu category totaled 102 in 1980 — an increase of eight from the previous year. This category has experienced considerable growth over the past several years with the number of firms rising by eight in 1979, seven in 1978 and nine in 1976. Sales growth for these franchise restaurants slowed somewhat in 1980 — advancing 13.6 percent versus a 15.3 percent gain in 1979. Operators expect sales will continue to rise but at a slower rate of 9.9 percent in 1981 and 11.5 percent in 1982.

The number of establishments in this category totaled 8,858 in 1980 — up 4.4 percent from 8,487 in 1979. Unit expansion is forecast at 4.6 percent in 1981 and at a somewhat faster rate of 6.6 percent in 1982.

Pancake franchise sales rise eight percent...

Pancake franchise firms reported sales increased eight percent in 1980, following a strong advance of almost 21 percent in the prior year. The number of establishments fell 20 percent to 1,278 in 1980, contributing to the slow sales growth. Seventeen franchise firms in this category were in operation in 1980, compared with 16 in 1979. Franchisors predict sales will rise faster in 1981 and 1982 than in 1980 — up 12.1 percent and 15.1 percent, respectively. They also expect the number of outlets to advance 5.2 percent in 1981 and 7.7 percent in 1982.

Sandwich franchise restaurants post strongest sales gain...

Sandwich and other franchise restaurants posted sales growth of almost 29 percent in 1980 which represents the strongest increase for any category. The number of units advanced 23.6 percent to 1,480 in 1980 and probably contributed to the strong sales gain.

This category includes many new firms that have recently begun franchising and offer more healthful menus, such as yogurt, salads and specialty sandwiches. As consumers become more interested in the relationship between diet and health, they help strengthen sales in this category.

Franchise operators expect other sandwich restaurant sales to increase at a 19.2 percent rate in 1981 and 27 percent in 1982.

Sales at company-owned units advanced faster than at franchisee-owned units in 1980 — 46.4 percent versus 26 percent, respectively. Respondents expect sales at company-owned units will continue to outpace those for franchisee-owned units in 1981 and 1982.

Franchise ice cream stores and donut shops experience strong sales growth in 1980

Franchise ice cream stores and donut shop sales totaled almost $1.4 billion in 1980, making them an important segment of the foodservice industry. These establishments are classified as "food retailers other than convenience stores," according to the recent U.S. Department of Commerce study *Franchising in the Economy, 1980-1982*. Their sales are not included in the $27.8 billion recorded by franchise restaurants in 1980. If they were included, franchise restaurant sales would total $29.2 billion, accounting for 43 percent of eating place sales.

Franchise ice cream store sales up 15.8 percent...

Sales for franchise ice cream stores reached $693 million in 1980, an increase of 15.8 percent over 1979. This growth, which is considerably above the 6.4 percent rate experienced in the previous year, can be attributed to the 16.2 percent increase in sales for franchisee-owned units. However, survey respondents forecast a somewhat slower sales growth of 12.2 percent in 1981 and 13 percent in 1982.

Sales for franchisee-owned units advanced 16.2 percent in 1980, compared with a 4.3 percent gain for company-owned outlets. Franchisors expect this trend will continue in 1981 and 1982 with sales for franchisee-owned units rising 12.4 percent and 13.2 percent. This compares with considerably smaller gains of 3.5 percent and 7.6 percent projected for company-owned ice cream stores in 1981 and 1982.

Franchise operators also predict the number of franchisee-owned units will rise at a faster rate than company-owned establishments in 1981 and 1982. They estimate the number of company-owned units will decline almost 31 percent in 1981 but will rise 4.7 percent in 1982. This compares with a projected increase of 6.4 percent and 7.9 percent for franchisee-owned outlets in 1981 and 1982, respectively.

Franchise donut shop sales total $688 million...

Franchise donut shop sales totaled $688 million in 1980 — an increase of 23.9 percent over 1979. This rate of sales growth is considerably faster than the eight percent advance experienced in 1979 and the 8.5 percent gain franchisors had predicted for 1980 in last year's survey. The better than expected performance can be attributed to rapid sales gains at both company-owned and franchisee-owned establishments. In addition, the number of franchise donut shops increased 12 percent in 1980, contributing to the above average sales rise.

Sales for company-owned units rose almost 34 percent in 1980 while sales at franchisee-owned outlets were up 23 percent. Respondents believe this trend will continue in 1981 and 1982, with sales at company-owned establishments rising 35 percent and 13.1 percent, compared with advances of 16.5 percent and 13 percent for franchisee-owned outlets.

Table 1

Ice cream store and donut shop sales and establishments 1978–1982*

	ICE CREAM STORES	
	sales (000)	establishments
1978	$562,424	5,960
1979	598,509	5,355
1980	693,246	5,516
1981*	777,508	5,814
1982*	878,595	6,268
	DONUT SHOPS	
	sales (000)	establishments
1978	$514,014	2,244
1979	555,058	2,317
1980	687,853	2,596
1981*	813,530	2,771
1982*	919,679	2,972

**1981 and 1982 estimated by respondents*

Source: U.S. Department of Commerce, Service Industries Division, Franchising in the Economy, 1980-1982.

International restaurant franchising increases

Restaurants are one of the largest categories of U.S. franchisors in foreign countries, according to a recent Department of Commerce study entitled *Franchising in the Economy, 1980–1982*. Foreign markets continue to offer potential to U.S. franchise restaurants despite high labor and real estate costs, as well as consumer resistance. In 1980, 57 restaurant franchisors operated 3,943 units throughout the world. This compares with 55 firms operating 3,932 outlets in foreign countries in 1979.

Further expansion into foreign markets is a key goal of many franchise restaurant firms. Thirty-three companies indicated they plan to extend their operations to foreign markets by 1983. Canada was the largest market for U.S. restaurant franchisors in 1980 with a total of 1,227 units, followed by Japan with 934, the United Kingdom with 511 and continental Europe with 249 outlets.

Hamburger firms dominate foreign franchising...

Hamburger firms dominate restaurant franchising in foreign countries. In 1980, 15 hamburger firms operated 1,887 establishments, or 48 percent of total franchise restaurants in foreign markets. This compares with 14 companies operating 2,006 outlets in 1979.

Canada provided the largest market for hamburger franchise firms in 1980 with 869 establishments — a decline of eight percent from 945 in 1979. This drop may be the result of franchisors going out of business or curtailing their operations in this country during 1980. Asian countries, excluding Japan, experienced the largest increase in the number of hamburger units in 1980 — with a total of 89 compared to 58 in 1979.

Franchise chicken restaurants increase...

The number of chicken franchise establishments totaled 1,299 in foreign countries in 1980, an increase of nearly 11 percent from 1,171 in 1979. However, the number of franchise firms in this category fell to six in 1980 from eight in 1979.

Japan was the largest market for chicken franchisors in 1980 with a total of 319 units — up 23.6 percent from 258 in the prior year. The United Kingdom follows with 304 establishments. Continental Europe experienced the most rapid growth in the number of chicken franchise restaurants in 1980 with a total of 45 — up from 28 in 1979.

Number of steak/full-menu franchise establishments up...

The number of steak/full-menu franchise establishments in foreign countries increased from 323 in 1979 to 395 in 1980 — a gain of 22 percent. There were 14 franchise firms in this category in 1980 compared with 15 in 1979.

Canada had the largest number of units in this franchise group in 1980 with a total of 189 — up eight percent from 175 units in 1979. Japan provided a growing market for these franchise restaurants in 1980 with the number of units totaling 164 versus 111 in 1979.

Number of pizza franchise outlets fall...

The number of pizza franchise outlets in foreign countries totaled 263 in 1980 — a decline of 8.7 percent from 288 in the prior year. Much of this decrease can be attributed to a drop in the number of establishments operated in Canada. Franchise pizza restaurants totaled 18 in 1980 — down from 50 in 1979. This drop is probably the result of franchisors going out of business or curtailing their operations in this country in 1980.

Australia — with 94 establishments — had the largest number of pizza outlets operated in a foreign country during 1980. Ranking second is Japan with 48 units. Asian countries, excluding Japan, experienced the strongest growth in unit expansion in 1980 as the number of establishments rose to 47 from 37 in 1979.

Mexican food franchise restaurants experience rapid growth...

Mexican franchise restaurants experienced relatively rapid growth in unit expansion in 1980. The number of foreign outlets totaled 24 — up from four in 1979. One new franchise firm entered this category in 1980 — most likely contributing to this large gain.

Unit expansion of Mexican food franchisors was the strongest in Caribbean countries, where the number of establishments rose to 20 in 1980 from two in 1979. The number of franchise Mexican food outlets in Canada totaled two in 1980 while Australia and other Asian countries had one each.

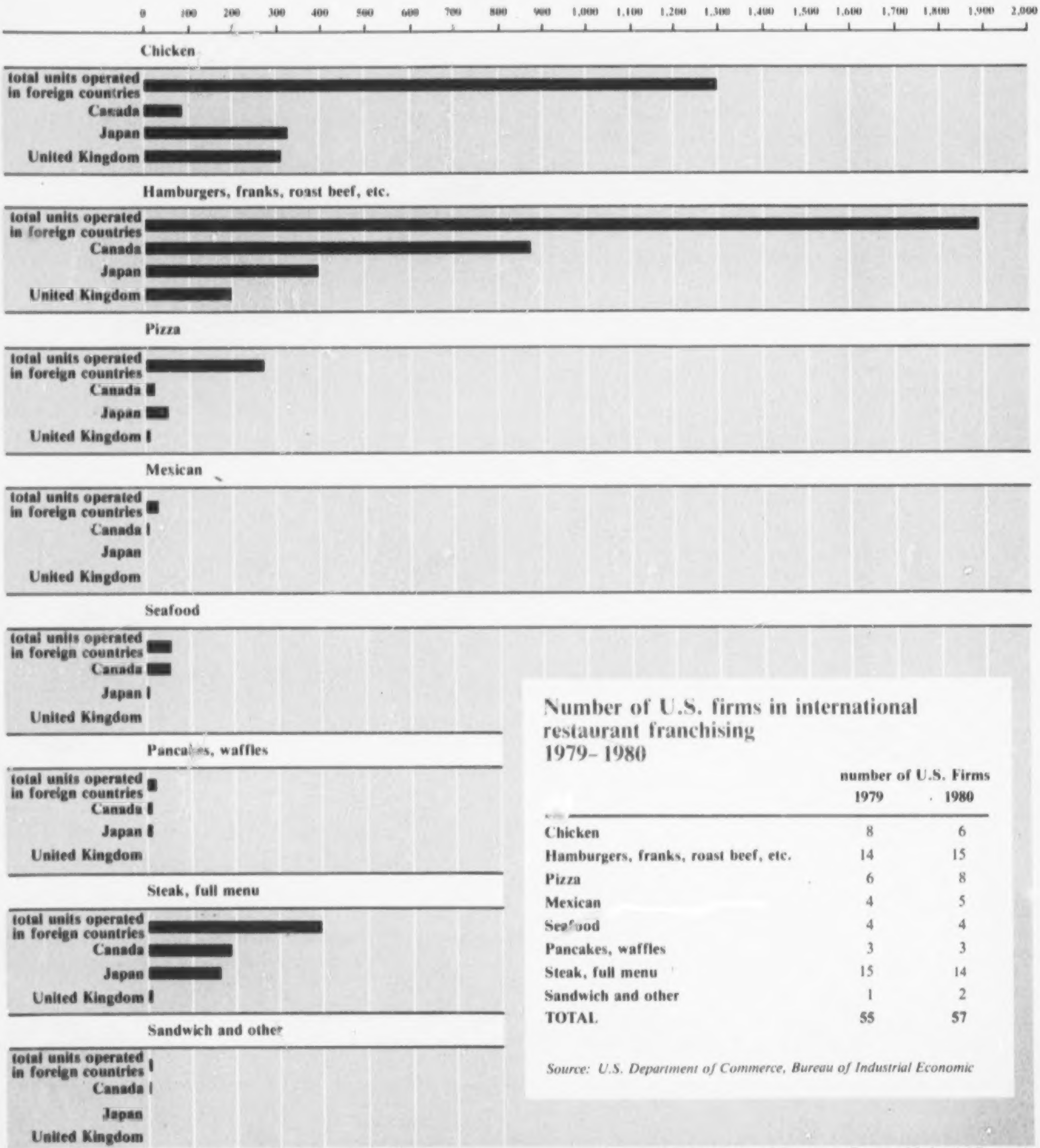
Number of seafood establishments declines...

Franchise seafood establishments in foreign countries totaled 57 in 1980 — a considerable decline from 126 in 1979. Most of this decrease can be attributed to the drop in the number of units in Canada where 53 franchise seafood restaurants were operated — down considerably from 123 in the prior year. One major firm curtailed franchise operations in this country in 1980, accounting for much of this decline.

Pancake franchise units total 16...

The number of pancake franchise units in foreign countries totaled 16 in 1980 — up from 13 in the prior year. Japan provided the largest market for pancake franchisors in 1980 with eight units. Canada followed with seven outlets, and Asian countries other than Japan had only one unit in operation.

Number of establishments* and locations of franchise restaurants in select foreign markets in 1980



Number of U.S. firms in international restaurant franchising 1979–1980

	number of U.S. Firms	
	1979	1980
Chicken	8	6
Hamburgers, franks, roast beef, etc.	14	15
Pizza	6	8
Mexican	4	5
Seafood	4	4
Pancakes, waffles	3	3
Steak, full menu	15	14
Sandwich and other	1	2
TOTAL	55	57

Source: U.S. Department of Commerce, Bureau of Industrial Economic

Includes company-owned and franchisee-owned units as well as joint ventures.

Source: U.S. Department of Commerce, Bureau of Industrial Economics

Market research group discusses new product development techniques

Members of the National Restaurant Association's Market Research Group met in New Orleans last fall to discuss research techniques for menu expansion and new product development. Industry experts presented their views on procedures for developing, testing and introducing new products. Speakers included Sidney Solum, Custom Research, Inc.; Howard Gibson, New Product Insights; Charles Schultz, Elrich & Lavidge, Inc.; Leonard Resnicoff, Guideline Research Corporation; John Lyon, Taco Bell and Ray Dabbah, Marriott Corporation.

Idea generation and testing — important first steps. . .

The first step in developing any new product is to generate as many ideas as possible. Let a free thinking process take control. No ideas should be automatically discarded. Only after a list of possible new product ideas has been compiled, is it time to begin to study the validity of each idea or concept.

Concept testing provides restaurateurs with information which can be used to evaluate consumer acceptance of new products before a large investment is made. After consumer reactions to a new product idea are studied, predictions can be made about

- probable buyers
- characteristics of buyers
- purchase appeals and deterrents and
- anticipated usage.

The market potential should then be analyzed. A product's ability to generate sales and profits, as well as the company's ability to develop and introduce the product, must be evaluated.

Determining how new product concepts should be presented to consumers can be difficult because a product can be presented in different ways. New menu items can be described by using written statements covering the types of foods that are included, method of preparation and features relating to taste, appearance and smell. In addition, food items can be portrayed in photos, rough advertisements or posters and possibly even by a rough television commercial.

Testing concepts. . .

The method of presentation depends on the type of material available, budget constraints and the overall risk involved in marketing the product. For tests to be valid, restaurateurs should remember that extreme care must be exercised in conveying the concept clearly and accurately to prospective buyers.

The concept test should include information on

- who is offering the new item
- how much it will cost and
- a description of the item and its major selling points.

The next step is to show the concept presentation to consumers and question them about their reactions. Personal interviews, although sometimes expensive, are a good way to test such reactions. Focus groups, during which a trained interviewer leads a discussion about the new product among a small group of consumers, will also provide valid results.

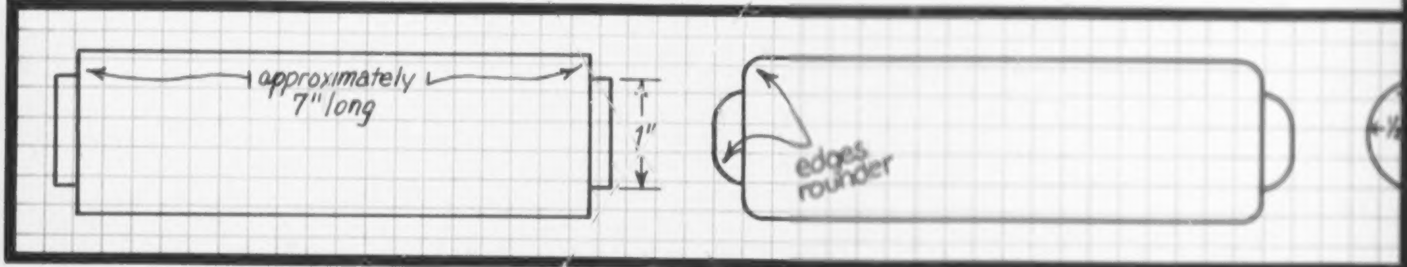
Use broad sample for survey. . .

Concept testing interviews involving new menu items are best conducted in high-traffic areas where a large number of people can be interviewed. Shopping malls are a good location for interviewing large numbers of customers. A large sample — 200 to 300 people — is best when testing a new menu concept. The larger the interview group, the easier it will be to categorize people into different demographic or market segments.

Restaurateurs should naturally try to include their customers when testing new concepts because they rely on these people for a significant portion of their business. Non-customers should not be ignored, however, since they represent potential business.

Questions to be asked when testing new concepts include

- the likelihood of buying the product
- the degree of interest in the product
- the features of the product which are appealing or unattractive to consumers
- the occasions on which the product would be purchased and
- family and personal characteristics of those interviewed.



The last step involved in the concept testing phase of new product development involves interpreting and analyzing the research data. Analysis includes tallying the responses and comparing the findings for different groups of consumers. Interpretation of the results can be difficult. They must be evaluated in light of an operator's experience in the foodservice business. The ultimate findings in concept testing should provide

- probable trial levels among potential purchasers
- characteristics of probable buyers
- features of the product that are likely to stimulate purchase
- factors that are likely to deter consumers from purchasing the product and
- anticipated usage habits.

Taste testing important in developing new menu items. . .

Taste testing is an important aspect in developing new menu items because one cannot always predict the whims and idiosyncrasies of consumers. The manner in which taste research is conducted depends on the situation: Is the menu item new? Is it a variation of an existing one? Is an operator trying to determine how an existing item fits into his overall menu offerings? Initially, operators must define what they are trying to do and then decide on the appropriate research technique.

Many types of research techniques for taste testing exist. These include

- Monadic — interested only in evaluating a product on its own
- Triangle — interested in determining if consumers can perceive a difference between two products
- Paired comparison — interested in seeing if you can force a preference between two products
- Sequential monadic — interested in testing a product on its own and determining consumer preference between two products
- Comparative monadic — interested in individually evaluating a number of alternatives which are related and also evaluating the alternatives in context with the others
- Product optimization — gathering data from consumers to use in mathematical models to help redesign products.

Be a realist in testing. . .

No matter which technique an operator chooses, the actual taste test should mirror real life situations.

Restaurateurs should use a natural environment when conducting a taste test since this helps to eliminate biases on the part of the consumer. If operators do not wish participants to know who is sponsoring the research, they should conduct a blind taste test away from their own establishment.

Pricing strategy. . .

When operators research price strategy for a particular menu item, they need to consider

- the overall product life cycle
- the cost to change the price of the product in the future and
- volatility of prices for the primary commodities that make up the new product.

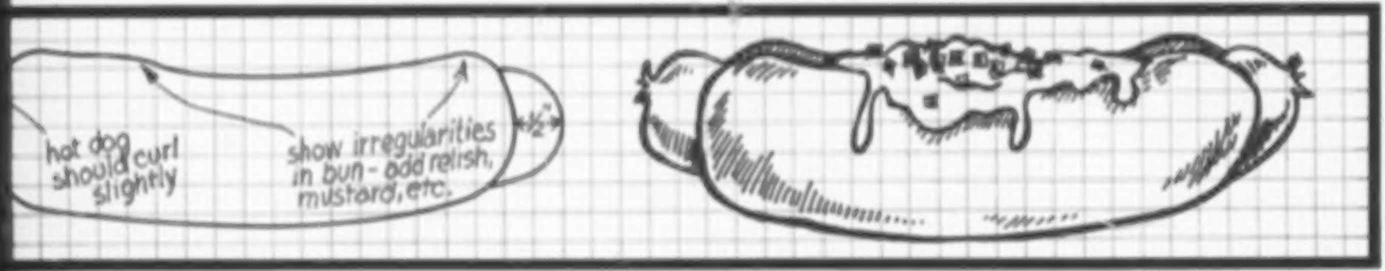
When restaurateurs begin researching consumer attitudes and behavior to a new product's price, they may find that consumers do not react to pricing in a strictly mathematical way. Consumers tend to simplify pricing information by ignoring end figures. They tend to think of and remember prices in terms of key round numbers. For example, consumers generally perceive a menu item priced at $6.95 to be a better value than one priced at $7.00.

Remember ingredients, time and effort when pricing. . .

Analysis of the cost of all ingredients in a new menu item should be done prior to setting a price for the item. Also included in this analysis should be the labor costs associated with preparing the menu item. In addition, it would be useful to develop 12-month forecasts for food and labor costs to help avoid having to alter the price of an item shortly after it is introduced.

Research into what the competition is offering and the price of similar products can also be valuable in setting the price for a new menu item. Questions to be answered include

- How many competitors offer similar menu items?


hot dog should curl slightly
show irregularities in bun - add relish, mustard, etc.
½"

- How much do they charge for the item?
- How much diversity is there among the competitors' products that could account for the price differences?

Follow-up research should be an integral part of the new product development process. The goal of this research is to determine if the new product has met its objectives. During this process the operator will want to measure the menu item's actual performance against its expected performance prior to introduction.

Restaurateurs should establish a sales monitor to track dollar sales. In addition, information on such marketing activities as advertising, pricing and what the competition is doing should be noted. Finally, information is needed on the product itself to determine whether or not it is what it is said to be. The restaurateur should not assume that all things dealing with the introduction of the item have been done the way they should be. As a result, a careful evaluation of all aspects of a new product's introduction should be done.

If the operator finds that the new product is not meeting expectations based on the follow-up research, changes can be made in pricing or advertising, which may aid the product in attaining its objectives. Without such research, a restaurateur may never know why a new menu item is failing to meet expectations and what can be done to help it become more successful.

Ways to "foul-up" concept testing...

- allocate almost all funds to technical product refinement, development of packaging, advertising and promotional plans and test marketing
- design test to pick the best concept
- confine concept testing efforts to only focus group interviews
- confine concept testing to a small sample because it is less costly
- present concept through descriptive statements only without thought to selling concept
- use standard go/no go criteria for proceeding or not proceeding with new product development and
- not rely on other considerations, such as own judgment and experience when selecting concepts for development.

Correction...

The chart on page 29 in the January 1982 Foodservice Trends section of NRA News *incorrectly states the percent of occasions on which fish or seafood was ordered at dinner houses. The correct figure is 24.9 percent, not 13.6 percent as shown in the chart. The written analysis on page 28 correctly states that fish or seafood was ordered on almost 25 percent of the occasions.*

NRA's food cost index up 3 percent in 1981

Wholesale food costs for restaurant operators rose at a single digit rate in 1981 for the second consecutive year. NRA's food cost index increased three percent in 1981, following a five percent gain in 1980. Lower prices for flour and cereal, beef and veal, other meats, sugar, sweets and beverages held down wholesale food prices for restaurant operators in 1981. Overall wholesale food costs also rose at a similar rate of 3.1 percent in 1981, according to the Bureau of Labor Statistics' *All Food, Producer Price Index.*

USDA expects wholesale food prices to continue to moderate in 1982, due, in part, to the current recession. The impact of the recent cold weather is not expected to affect severely supplies of beef, pork, poultry and eggs. However, because of freeze damage sustained by Florida crops, higher prices can be expected during the winter and spring months for frozen orange concentrate, fresh oranges and vegetables, such as lettuce, tomatoes, green peppers, celery, carrots and corn.

Fruits and vegetables — Prices for Florida citrus and vegetable crops are expected to increase as a result of the recent freeze. Higher prices have been reported for frozen orange concentrate, fresh oranges and vegetables, such as lettuce, tomatoes, green peppers, cauliflower and corn in the week following the freeze. Early reports indicate 84 percent of the orange crop had internal ice damage, and, according to USDA economist Ben Huang, this year's freeze may be more severe than 1981's because it covers a wider region. Prices for Florida oranges increased significantly following the January 1981 freeze, rising 57 percent in February from the month earlier. They continued higher throughout most of the year due to freeze-damaged crops.

Prices for frozen orange concentrate will continue to rise, however, availability should not be a problem since Brazil has a large inventory ready for export. Prices for fresh oranges were expected to be above year-earlier levels in 1982 because of a smaller crop. Tighter supplies and higher prices can also be expected for fresh vegetables due to a decrease in planted acreage as well as freeze damage to Florida crops.

Beef — The recent cold weather has caused some beef production problems. Transporting beef from one area to another had been difficult, but USDA expects this will not have a significant impact on overall output. Cold weather reduces the efficiency of livestock weight gains, but the current high level of production and abundant supplies of beef will offset this production problem.

USDA projects beef output will total 5.6 billion pounds in the first quarter of 1982, unchanged from a year ago and will increase one percent in the April-June quarter from the same three months in 1981. Feedlot placements in the first quarter of 1982 are expected to be well above the previous quarter's level. However, they are expected to rise only slightly in the spring quarter from the large level in the same three-month period in 1981. Non-grain-fed cattle and heifer slaughter is expected to be above year-earlier levels in the first quarter of 1982, however, USDA projects slaughter will decline in the spring quarter from the same period a year ago.

Prices for choice steers at Omaha are expected to average $65 per hundredweight in the January-March quarter — up 4.8 percent from $61.99 in the prior year. Prices will average $66 per hundredweight in the second quarter of 1982 — unchanged from a year ago. The continuing strain on consumer budgets and large supplies of red meat will hold down beef price gains in the first half of 1982.

Broilers — The recent cold weather has resulted in only a temporary delay in processing and marketing broilers. USDA expects little or no effect, however, on overall broiler production since the cold wave is not damaging chicken flocks.

USDA estimates broiler production will rise two percent in the first half of 1982 from the same period in 1981. Producers are expected to experience unfavorable returns in the first half of 1982 and this, along with the weak economy, will hold output at the current level.

Prices are expected to average 46 cents per pound in the first quarter of 1982 — down 6.1 percent from 49 cents per pound a year ago. Broiler prices are projected to average 47 cents per pound in the second quarter — approximating the year-earlier level.

Pork — The impact of the cold weather on pork production will be minimal — causing only slight problems in transporting meat from one area to another. Pork production is expected to decline eight percent in the first quarter of 1982 from a year ago and will fall five percent in the second quarter, according to USDA estimates. Despite this decline in output, pork supplies continue to be relatively large.

Prices are forecast to average $46 per hundredweight in the first quarter of 1982, up 12.2 percent from $41 for the same period a year earlier. However, USDA expects prices will fall to $44 in the April-June quarter — approximating the year-earlier level.

Information in this article describes the food situation in late January 1982. Prices and supplies of many commodities can change rapidly, particularly when weather conditions are uncertain. For the latest information on food prices and supplies, contact NRA's research department in the Washington office at (202) 638-6100.

Percent change in wholesale commodity prices 1974–1981

Commodity	1974-1975	1975-1976	1976-1977	1977-1978	1978-1979	1979-1980	1980-1981
Bakery products	10.9%	0.7%	3.5%	7.8%	10.0%	11.7%	8.3%
Flour & cereal	**−5.5**	**−8.9**	**−5.8**	**13.1**	**12.4**	**12.3**	**−7.0**
Beef & veal	**11.2**	**−11.5**	**1.0**	**28.4**	**24.7**	**3.2**	**−5.0**
Other meats	**27.5**	**−5.2**	**−4.4**	**16.7**	**−2.8**	**−2.7**	**7.6**
Poultry & eggs	11.9	−4.1	0.1	8.1	0.7	1.0	2.4
Fish & shellfish	6.9	24.6	8.0	6.4	22.6	−3.2	1.8
Sugar & sweets	**6.9**	**−21.2**	**−7.2**	**6.6**	**6.9**	**35.4**	**−2.9**
Vegetables	−3.3	−4.7	4.2	6.0	2.0	7.5	22.6
Fruits & juices	9.1	0.8	12.0	17.6	8.7	4.2	4.1
Beverages	**15.2**	**23.4**	**43.5**	**−8.6**	**0.8**	**0.8**	**−2.3**
Dairy products	6.4	8.1	3.0	8.6	12.1	12.1	6.4
Fats & oils	−5.2	−18.3	14.0	6.1	6.4	6.4	2.1
NRA, Food cost index	**9.0%**	**−1.5%**	**5.8%**	**11.2%**	**12.2%**	**5.0%**	**3.0%**
All Food, Producer Price Index[1]	**6.5%**	**−3.8%**	**4.4%**	**10.5%**	**9.5%**	**8.0%**	**3.1%**

Sources: Producer Price Index, Bureau of Labor Statistics; NRA

[1] *Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds)* plus eggs and fresh and dried fruits and vegetables.

Industry index

Sales at eating and drinking places increased 5.4 percent in December 1981 from the same month in the prior year and 9.7 percent for all 12 months of 1981. The increase in 1980 was only 8.8 percent.

Eating place sales advanced 8.8 percent in November from the same period in 1980 with a real growth — adjusted for inflation — of 0.8 percent. In the first 11 months of 1981, real sales growth for eating places was 1.4 percent. *NRA's 1981 Forecast* predicted eating places to experience a positive real growth of 1.0 percent in 1981 — the first increase in two years.

Menu prices (Consumer Price Index for food away from home) moderated somewhat in December — increasing 7.2 percent from the same month a year ago. In 1981, food away from home rose nine percent, compared with a somewhat faster gain of 9.9 percent in 1980.

Food at home has been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics Consumer Price Index. Food at home rose only three percent in December from the same month a year ago. In 1981, food at home increased 7.3 percent, compared to a gain of eight percent in 1980.

Retail sales
(000,000)

	Dec. 1981	percent change vs. year ago	year-to-date sales 1981	percent change vs. year ago
All retailers	$105,929	5.1%	$1,044,648	9.2%
Eating & drinking places	7,916	5.4	95,047	9.7
Food stores	21,775	7.7	237,880	9.4

Source: Bureau of Census, unadjusted data; subject to revision

Eating place indicators
(000,000)

	Nov. 1981	percent change vs. year ago	year-to-date sales	percent change vs. year ago
Eating place sales	$6,793	8.8%	$77,027	10.5%
Real eating place sales (Nov.)	—	0.8%	—	1.4%

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations; subject to revision

Consumer prices

	percent change vs. Dec. year ago	percent change 1981 to date vs. year ago	
Food at home	3.0%	7.3%	
Food away from home	7.2	9.0	
All items less food	9.9	10.9	

Source: Bureau of Labor Statistics

Employment and earnings

	Nov. 1981	percent change vs. year ago
Total employment	4,899,600 employees	3.5%
Non-supervisory employment	4,512,600 employees	3.4
Non-supervisory average hourly earnings	$4.00	6.7
Average weekly hours	25.9 hours	nc

Source: Bureau of Labor Statistics

Training programs evolve to meet needs of a new labor force

People change, and large foodservice operators are developing new training programs to suit their people. Operators are faced with more intelligent and demanding employees brought up in a generation of quick-fix television and slick promotional campaigns, where long-term progress is overshadowed by immediate results.

Foodservice training programs are responding to challenges offered by this new breed of employees. Sophisticated audiovisual presentations and incentive programs are being combined with participation workshops in which employees become the problem solvers to create successful training programs.

Considering today's rapidly rising costs, how can chain foodservice operations afford to spend thousands, and in some cases millions, of dollars on training progams?

According to Dave Raymond, director of human resources for Kentucky Fried Chicken, Louisville, KY, his company cannot afford not to. "Training," he said, "is a commitment and an investment. It is a strategy that reflects management's priorities as to where a business is going. And the time when training is most important is when a company is in a bad situation."

For Kentucky Fried Chicken that time was in 1977, when a national attitude and usage study revealed that store-level operation personnel were not performing at peak capacity.

Training programs resurrected...

"We did a 180-degree turn from what most corporations do. Instead of cancelling plans for all training programs, President Mike Miles resurrected everything," Raymond explained. "We got the go-ahead in February of 1977, and by August of that year we had our training center open."

The result was a multi-million dollar back-to-basics program dealing with all aspects of successful operation: management skills, employee selection and orientation, equipment maintenance, cooking procedures, customer service, training the trainer and sanitation.

"Our objective has always been to provide quality service," Raymond said. "With the right kind of training, we felt we could increase perceived value and ultimately increase sales and profits."

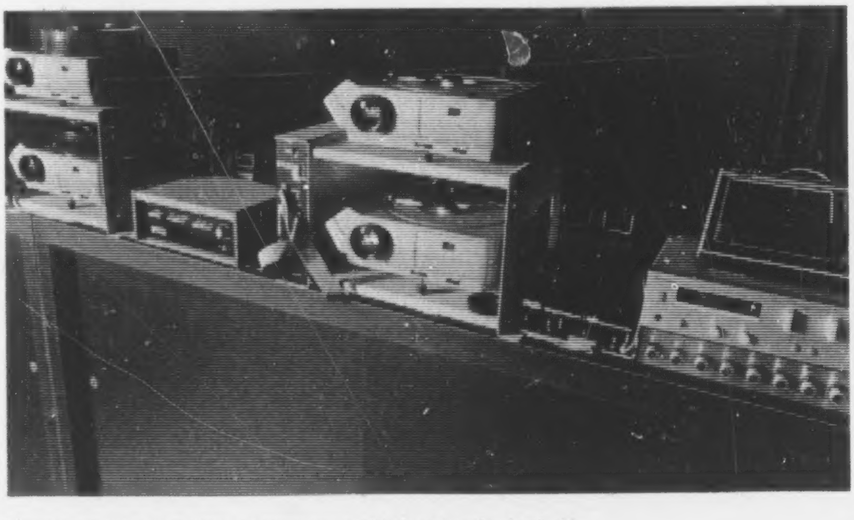
Kentucky Fried Chicken refers to its training for hourly employees as the STAR system — Store Training and Rating. The basic elements include a series of filmstrip/tape cassette lessons, corresponding instruction booklets and a confidential operations manual. Everything, including a Fairchild 410 projector, is conveniently packaged for use at the unit level.

The STAR program breaks operating categories into general information, food preparation and customer service. Twenty-four cartridges deal with nearly 100 specific subjects, ranging from suggestive selling to breading table setup.

Workers are awarded the STAR pin when they master all the lessons needed to do their job effectively. Motivated employees can go on to become ALL-STARS by completing a comprehensive list of tasks on KFC's skill chart, giving them background in both front and back-of-the-house operations.

"ALL-STAR pins become prized possessions. They provide terrific incentive to grow and excel," Raymond explained.

"Training has to be visible in order to be recognized and appreciated," he stressed. "Tell people they're being trained. Use benchmarks, evaluations and rewards. Show them what they need to learn and how they will be able



Many corporate education programs use sophisticated audiovisual aids. This is from Pizza Huts Regional Training Center.

Training at Carl Karcher Enterprises in California is viewed as an investment in the future.

to do it. The STAR system works because it gives employees something to strive for."

Tracking educational progress...

Employees at Whataburger, Corpus Christi, TX, are also able to track their progress by referring to a skills chart which breaks down all the jobs within the restaurant. According to Training Director John Williams, workers can easily measure where they stand.

"If everybody else has five dots next to their names on the chart and you only have one, it becomes clear there is room for improvement," Williams said. "What we have developed is a way for each staff member to see in black and white what they have to do to get ahead."

Although the actual training is the responsibility of the operations department, Williams maps out the program and explains how it should work. Filmstrips, training booklets and a program outline are provided during "train the trainer" sessions for managers.

Increasing productivity...

More intense classroom instruction is offered during a three-day personnel management class held four times a year at Whataburger's Institute of Technology (WIT). The objectives of the course are to increase employee productivity and boost customer service.

"We found that after managers complete this program, they go back to their units on fire," Williams noted. "They're charged and ready for action."

For its crew members, Whataburger takes a different approach — using two-hour presentations on guest relations. "We will actually put on a little production with scripts, props, lights, the whole works. It is a light, entertaining approach, but a very effective one," explained Williams.

Keeping the interest up...

The challenge of training programs is to keep them interesting, fun and simple explained Bill Lee, director of training for Burger King, Miami, FL. "In the last three years, the crew members that we are hiring have changed. Today, teenagers are more intelligent, and unless we can hold their attention, training will not be efficient," he said.

Currently Burger King is using a three-part program to train hourly employees. Included are a series of filmstrips and audio tapes reinforcing on-the-job skills, laminated cards providing step-by-step illustrated instructions on restaurant procedures and pocket cards for at-home review.

According to Lee, four or five more elements will eventually be added. "Overall, the system places a good deal of the responsibility on the trainee. It is up to each individual to go through the program and master the required tasks.

A challenge is needed...

"We chose this approach in the belief that young people like to be challenged," Lee added. "Our job is to keep the materials simple and make sure the pieces mold together to form a complete and effective program."

Burger King's management training program is a more structured system. A person hired as a manager starts by working two weeks in a restaurant to learn the seven major job stations. This is followed by two weeks of classroom instruction in one of 10 regional centers, where trainees learn supervisory, teamwork, communication and listening skills. The last step is the advanced course taught at the national training center, Burger King University, (BKU) in Miami, FL.

Among the courses available at BKU are the advanced restaurant operations course, a 10-day program on interviewing, hiring, motivation, cash control, profit and loss statements, marketing, products and equipment; the multi-unit management course, a five-day study on skills relating to managing multi-unit operations; the local store marketing course, a five-day program on creating and implementing marketing programs and the franchise business course, a three-day session on management skills for franchisees.

"We can offer a really exciting opportunity for people coming into fast food," Lee maintained. "For the college graduate, foodservice management provides the chance to apply all the skills he or she learned in school."

Training — investing in future...

At Carl Karcher Enterprises, Anaheim, CA, Training Director Bruce Raterink said an investment is made in each of the company's management candidates. "In turn we hope they will invest their future with us."

To prepare individuals for a manager position, trainees go through four weeks of task training at the unit level and two weeks of formal classroom study at corporate headquarters. Included is a in-depth analysis of company policy, restaurant law, safety, security, interviewing techniques, equipment and public health.

Alan Palmieri, director of employee training and development for Steak and Ale, Dallas, TX, compares training to a bank account. "You cannot expect something from people without first investing in them. If you keep making withdrawals, you are going to go broke," he said.

Deposits come in the form of skills training, or supplying trainees with the knowledge they need to get the job done. "We offer the information, the systems and the management training. From there, training is done at the store level so the individuality and independence is there," Palmieri explained.

Hiring the right people...

The first step is hiring the right person for the position, he added. Managers are taught to look for people who are outgoing, upbeat and aggressive. "Communication skills are imperative. We try to hire individuals who are going to be comfortable with their customers and who have a tremendous amount of personal pride."

Part of Steak and Ale's success stems from the company's philosophy to hire for the future. "If you are hiring as a reaction — when you need someone tonight — then you are always going to be behind the eightball. Instead, if you are looking ahead rather than trying to fill a gap, you have the luxury of being more selective," Palmieri explained.

Steak and Ale management also believes in encouraging employees to grow and improve. Ongoing performance appraisals are given as part of the total educational process to create a positive, growth-oriented environment.

"Rather than calling these sessions evaluations, we prefer the term growth opportunity," Palmieri noted. "In a relaxed setting, an employee's strengths and weaknesses are reviewed, suggestions are made and a course of action is implemented.

"Everything is upfront and out in the open," he continued. "Staff members come into the appraisal knowing they are going to evaluate themselves. The response has been terrific.

Commitment from the top...

A strong commitment from the top is also the basis of the newly-launched training program at Pizza Hut, Wichita, KS. All levels of field managers will go through the program, which is broken down into three phases: a 10-day segment in the restaurants to learn all employee positions and product preparation procedures, nine days of classroom instruction at a regional training center and 10 additional days of supervised training in the unit.

According to Donald Breitkreutz, vice president of training, the program was developed to address the needs of the total system. "It is operations-oriented, designed and taught by restaurant operations management people."

The curriculum covers four key areas, including product, equipment, financial controls and business management. Teaching methods will be lectures, presentations, workshops, case studies, slide shows and video cassettes.

"We have not reinvented the wheel with this program," Breitkreutz said. "But we have refined existing programs to deal with practical issues that new management employees would face as they enter the field of foodservice management."

Training at Kentucky Fried Chicken is basic. From the first day on the job employees are taught all aspects of their job. But that's not the end of it — supervision is continued. This keeps productivity from lagging.

HOT OFF THE PRESS

Tools of the trade

educating with audiovisuals

Audiovisual training tools. . .

"Train your employees!" say the trainers and the consultants. Who has time? How many assistant managers and managers can barely find the time to make sure sidework or pre-preparation is done properly?

It does not have to be difficult or time consuming. The real key, according to training specialists, is to make sure that training procedures are consistent and on-going.

The employee turnover problem is also greatly reduced with effective training. A combination of audiovisual and printed material will be very helpful in reducing the time required of management to implement a training program.

NRA has produced a number of filmstrips for the foodservice industry which are invaluable to an efficient and effective training program.

The Angry Flame — Prevention is the key concept behind this dramatic filmstrip combining expressive animation with live action. The film explains the possible causes of fires. It also covers extinguishers, classifications of fires, steps to perform in case of a fire and how to put up a winning fight against fire. The film is a must for all foodservice personnel. *12 min., 10 sec.; filmstrip and record (NRA), FS 085, $30 ea.; filmstrip cartridge/slide format FC 02, The Angry Flame, $75/$95.*

Work Smart, Stay Safe — This film describes true-to-life accident-prone situations and how to prevent those seemingly unavoidable mishaps. A combination of live photography and animation defines common, unsafe work habits which are the basis of most accidents and it provides detailed solutions. The film is appropriate for all foodservice workers. *12 min., 18 sec.; filmstrip and record (NRA), FS 480, $30 ea.; filmstrip cartridge/slide format, FC 27, Work Smart — Stay Safe, $75/$95.*

Education in foodservice. . .

Smart Waitress Series — A four-part program outlining the attributes of a "smart waitress" in which every program is well illustrated.

Smart Waitress, Part I, which builds a good foundation, is the first step for the smart waitress. This film includes the basic tips on dressing and personal care for providing a better performance. *7 min., 50 sec.; filmstrip and record (NRA), FS 325, Part I — Personal Presentation, $30 ea.; filmstrip cartridge/slide format FC 20, Smart Waitress, $75/$95.*

Smart Waitress, Part II — Being a good waitress is more than just serving food, it's serving people. Having a good attitude helps to improve the guests' enjoyment of their meals and means that they will recommend your restaurant to others. *9 min., 6 sec.; filmstrip and record (NRA), FS 325, Part II — Attitude, $30 ea.; filmstrip cartridge/slide format FC 21, Smart Waitress, $75/$95.*

Smart Waitress, Part III — The techniques of suggestive selling are the main emphasis of this live-action film. Selling by suggestion is good for the restaurant, the customer and the waitress. Either helping the guest choose a good meal or that extra item can increase check averages. *7 min., 20 sec.; filmstrip and record (NRA), FS 327, Part III, Salesmanship, $30 ea.; filmstrip cartridge/slide format FC 22, Smart Waitress, $75/$95.*

Smart Waitress, Part IV — For restaurant operations to run smoothly, waitresses must work as a team by covering each others tables, keeping their eyes open for troublesome situations and treating co-workers as team members are all of major importance to good service. *6 min., 45 sec.; filmstrip and record (NRA) FS 328, Part IV, Teamwork, $30 ea.; filmstrip cartridge/slide format FC 23, Smart Waitress, $75/$95.*

Protecting yourself and your customers. . .

Protecting the Public Series — Live photography and skillful animation unite to give you the best of both in this three-part program on food protection and sanitation. Our villain, Jack the Germ, is the animated character used to emphasize unhealthy, unsanitary conditions and practices throughout the program. The idea is to sanitize Jack the Germ right out of your foodservice establishment.

Protecting the Public, Part I — Discussions of the employee's personal hygiene and sanitary work habits are covered in detail. *12 min., 6 sec.; filmstrip and record (NRA), FS 245, Part I, Personal Side, $30 ea.; Filmstrip cartridge/slide format FC 17, Protecting the Public, $75/$95.*

Protecting the Public, Part II — Sanitation practices must be followed during food storage, preparation and re-heating. The effects of time and temperature on food and germ growth are explained simply, but thoroughly. *11 min., 44 sec.; filmstrip and record (NRA), FS 246, Part II, Food Protection, $30 ea.; filmstrip cartridge/slide format FC 18, Protecting the Public, $75/$95.*

Protecting the Public, Part III — The third part of this series stresses proper cleaning and sanitizing of equipment and the establishment. Employees are taught to be aware of how germs spread from unsanitary utensils and equipment to the food and finally their customers. Proper cleaning of the restrooms is also covered. *11 min., 26 sec.; filmstrip and record (NRA), FS 247, Part III, Establishment and Equipment Sanitation, $30 ea.; filmstrip cartridge/slide format FC 18, Protecting the Public, $75/$95.*

With news and commentary, here's Paul Harvey

SHOWTIME

NRA members and convention attendees will be among the one million Americans fortunate enough to see and hear Paul Harvey in person this year. The news commentator will highlight the 1982 NRA Show's opening day program.

Paul Harvey's newscasts and newspaper columns have been reprinted in the *Congressional Record* more than those of any other commentator. Harvey has the rare ability to make page one understandable and page three exciting. The recipient of the coveted Radio's Man of the Year and Commentator of the Year awards, Harvey is a courageous middle-of-the-road independent.

He has been called a resolute patriot who never shirks from communicating nationwide the true spirit of '76. He has earned 11 Freedom Foundation certificates and honor medals and was awarded the *John Peter Zenger Freedom Award* in 1975.

No matter where he travels, Paul Harvey attracts standing-room-only crowds. His platform style is unique, combining gestures, rapid-fire speech, effective pauses and well-chosen words to literally dazzle audiences regardless of size. In any given year, he may speak to as many as 100 groups, ranging in size from a few hundred people to as many as 15,000.

Harvey authored half a dozen books, several of which are perennial best-sellers. His three-times-per-week newspaper column enjoys widespread syndication and sparkles with sincerity and conviction on a wide number of topics.

But, in the final analysis, Harvey is a broadcast commentator — one of the few to make the transition from radio to television without faltering. The chain of radio stations carrying his twice-daily radio commentaries amounts to what *Variety*, the Bible of show business, once called "The 5th Network."

You may agree with Harvey, or you may not. His analysis of the news and current events is provocative and, at the same time, stunning in its depth and reasoning. The important thing about his popularity and success is the fact that Harvey makes you want to listen to him.

Set aside 2:00–3:30 p.m. on Sunday, May 23. This one event you cannot afford to miss: Paul Harvey's keynote address at the 1982 NRA Show's exciting opening day program in McCormick Place's fabulous Arie Crown Theatre.

NRA Show–an educational extravaganza

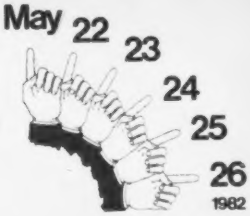
"The whole Show is an education!" explained NRA Show Chairman Ted Balestreri when asked about the education benefits for the NRA Show. "There are 16,000 marketing and technical people in the exhibit halls alone ready to teach. The Culinary Arts Salon, with this year's new hot food competition, will be like a giant classroom. The education programs are really the icing on the cake," Balestreri continued.

Every year the educational programs at the NRA Show are without equal in the industry. At last year's Show there were 53 different presentations attended by almost 16,000 persons. This year will be no exception — another great lineup of something for everyone.

Headlining the 1982 educational programs will be C. Northcote Parkinson, distinguished author of 50 books, humorist, lecturer and creator of Parkinson's Law, which states: "Work expands so as to fill the time available for its completion." He is making a rare visit to the U.S. from his home on the Isle of Guernsey for two presentations at the NRA Show. The first will focus on his many laws (yes, there are more than one) and other business writings. The second will be based on his new book, *Small World*, a short history of hospitality as offered throughout the ages by inns, restaurants and hotels.

NRA '82

SUPPLEMENTARY MEMBERSHIP REGISTRATION FORM



63rd NRA RESTAURANT, HOTEL-MOTEL SHOW May 22-26, 1982, McCormick Place, Chicago

DEAR NRA MEMBER:

You have received your NRA Membership Card which will also admit you to the NRA SHOW. Each person in your company that receives a mailing from the NRA received the NRA Membership Card/NRA Show Badge. Your Membership Card is the only complimentary badge that you will be receiving.

This is a supplementary Member form to register additional personnel in your operation. Additional badges are $5 per person if this form is postmarked on or before April 9, 1982, and $10 per person if postmarked after April 9, 1982. Registration fees are non-refundable and badges are not transferable.

SEND ALL BADGES TO:

Contact: ______________________________

Company: ______________________________

Address: ______________________________

City, State, Zip ______________________________

All badges will be sent to the individual listed above as contact.

Each badge will contain an individual's first and last names, address, city, state, and zip as you have indicated. If more forms are needed please make photocopies of this form. If an individual is located at a city other than the one below, please duplicate this form for each different city or state. Spouses should check the boxes appropriate to their spouse's profession.

IMPORTANT: You must fill in all information and check box items requested in order to receive your badge.

To identify each individual's position in the company, please mark the ID box with the following codes.

- **A.** Corp. Executive
- **B.** Owner/Operator
- **C.** Manager
- **D.** Purchasing
- **E.** Supervisor
- **F.** Chef
- **G.** Dietitian
- **H.** Personnel/Training
- **I.** Employee

Please mark your type of operation (CHECK ONE):

Dealer/Supplier

- J ☐ Equip. Distr.
- K ☐ Equip. Mfr.
- L ☐ Mfrs. Agent
- M ☐ Beverage Wholesaler
- N ☐ Food Broker
- O ☐ Food Distr
- P ☐ Food Processor
- Q ☐ Architect
- R ☐ Consultant
- S ☐ Designer
- T ☐ Furniture/Decor
- U ☐ Service
- V ☐ Utilities
- W ☐ Adv./P.R. Agency

Foodservice:

- X ☐ Table Service Restaurant
- Y ☐ Coffee Shop
- Z ☐ Fast Food
- AA ☐ Cafeteria
- BB ☐ Club
- CC ☐ Bar/Lounge
- DD ☐ Health Care
- EE ☐ College/Univ
- FF ☐ School Fdsv
- GG ☐ Office/Plant
- HH ☐ Cater/Vend
- II ☐ Airline
- JJ ☐ Military
- KK ☐ Dept. Store
- LL ☐ Convenience Store
- MM ☐ Supermarket/Deli

Hotel/Motel:

- NN ☐ Airport
- OO ☐ Downtown
- PP ☐ Suburban
- QQ ☐ Highway
- RR ☐ Resort/Condo

and Check No. of Rooms

- SS ☐ Under 100
- TT ☐ 100-299
- UU ☐ Over 300

Education:

- VV ☐ Faculty
- WW ☐ Student

Other:

- XX ☐ Press
- YY ☐ Professional Visitor

Specify ____________

____

Badges Requested ____________

____________ x $5.00 (Before April 9)= $ ____________

____________ x $10.00 (After April 9)= $ ____________

Enclosed is our check for $____________ made payable to the: NATIONAL RESTAURANT ASSOCIATION.

Please print one letter per box, leaving an open box between words. Abbreviate if necessary to fit.

NAME ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ **I.D. letter A thru I** ☐ **(See instructions below left)**

TITLE ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

NAME ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ ☐

TITLE ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

NAME ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ ☐

TITLE ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

NAME ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ ☐

TITLE ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

NAME ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ ☐

TITLE ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

COMPANY ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

ADDRESS ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

CITY ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ **STATE** ☐☐ **ZIP** ☐☐☐☐☐☐☐☐☐

FOREIGN COUNTRY ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

DO NOT MAIL THIS FORM AFTER APRIL 21, 1982.

Return this form to: National Restaurant Association
P.O. Box 92694, Chicago, Illinois 60675

NRA SEMINAR SCHEDULE

Practical Accounting for Foodservice Managers

Apr. 19	Boston, MA

Food & Beverage Operations Auditing

Mar. 31	Boston, MA

Bar Management

Mar. 15-17	Los Angeles, CA
Apr. 26-28	Philadelphia, PA
Jun. 7-9	Washington, DC

Simplified Baking Workshop

Apr. 28	Detroit, MI

Basic Supervision

Apr. 13	San Mateo, CA
May 4	Burlington, VT
May 11	Dallas, TX

Budgeting and Profit Planning

May 22	Chicago, IL, NRA Show

Computers

Mar. 22	Cincinnati, OH
Mar. 24	Minneapolis, MN
Apr. 22	Washington, DC
May 22	Chicago, IL, NRA Show

Controlling Beverage Costs

Mar. 29	Burlington, VT
Apr. 5	Milwaukee, WI
Apr. 7	Chicago, IL
Apr. 13	Houston, TX
Apr. 15	Kansas City, MO

Controlling Food Costs

Mar. 22	Rochester, NY
Mar. 23	Newark, NJ
Mar. 25	New Haven, CT
Apr. 5	Detroit, MI
Apr. 7	Columbus, OH
May 22	Chicago, IL, NRA Show

Controlling Labor Costs

Mar. 22	Salt Lake City, UT

Creative Merchandising Techniques

Mar. 15	Portland, OR
Apr. 8	Denver, CO
Apr. 21	Washington, DC
May 6	Newark, NJ

Dining Room Management

Mar. 29	San Antonio, TX
Mar. 31	Dallas, TX

Fish & Seafood

May 17	San Francisco, CA
May 19	Los Angeles, CA

Hiring Hourly Employees

Mar. 22	Baltimore, MD
Apr. 5	Atlanta, GA
Apr. 13	Portland, ME
Apr. 26	Newport Beach, CA
May 22	Chicago, IL, NRA Show

Improving Food Production Methods

Apr. 5	Cherry Hill, NJ
Apr. 22	Rochester, NY
Apr. 29	Pittsburgh, PA
May 10	Dallas, TX

Kitchen Management

Mar. 24	Albuquerque, NM
Apr. 13	Baltimore, MD
Apr. 15	Toledo, OH
Apr. 19	Oklahoma City, OK
Apr. 21	Minneapolis, MN
Apr. 29	Portland, OR

Location! Location! Location! How to Successfully Negotiate and Finance Your New Operation

Mar. 29-30	San Francisco, CA

Management Recruitment and Selection

May 22-23	Chicago, IL, NRA Show

Market Research

Apr. 3	Seattle, WA
Apr. 6	Long Beach, CA

Marketing for Profit

Apr. 14-15	Los Angeles, CA
May 22-23	Chicago, IL, NRA Show

Practical Meat Workshop

Mar. 15	Wichita, KS
Mar. 17	Dallas, TX
Apr. 19	Seattle, WA
Apr. 21	Denver, CO
May 4	Atlanta, GA

Menu Development

Mar. 16	Detroit, MI
Mar. 18	Cleveland, OH
Apr. 5	Houston, TX
Apr. 7	Phoenix, AZ
May 22	Chicago, IL, NRA Show

Off-Premise Catering

Mar. 29-30	Boston, MA
Apr. 19-20	Tampa, FL
May 22-23	Chicago, IL, NRA Show

Operational Analysis

May 22-23	Chicago, IL, NRA Show

Performance Review

Mar. 23	Baltimore, MD
Apr. 6	Atlanta, GA
Apr. 14	Portland, ME
Apr. 27	Newport Beach, CA
May 23	Chicago, IL, NRA Show

Real Estate and Site Selection

Mar. 22-23	Atlanta, GA
May 22-23	Chicago, IL, NRA Show

Restaurant Design and Facilities Planning

Mar. 15-16	Houston, TX
May 22-23	Chicago, IL, NRA Show

Soups & Sauces Workshop

Mar. 15	Toledo, OH
Mar. 31	San Francisco, CA
Apr. 26	Scottsdale, AZ
Apr. 28	San Diego, CA
May 5	Seattle, WA

Super Salads

Mar. 25	Williamsburg, VA
Apr. 7	Hartford, CT
May 6	Nashville, TN

How to Turn Your Restaurant Business into a Private Tax Shelter

May 22-23	Chicago, IL, NRA Show

Winning! Labor Law, Negotiations and Unions

Mar. 29-30	Washington, D.C.

For more information, contact registration secretary, seminar department, NRA Washington office, (202) 638-6100 or (800) 424-5156.

one, one-and-a-half and two-day seminars

offer

more reasons to attend the 1982 NRA Show

Seminar Title/Date	NRA Member Cost
Computers Saturday, May 22	$135
Budgeting & Profit Planning Saturday, May 22	$135
Controlling Food Cost Saturday, May 22	$135
Hiring Hourly Employees/Performance Review Saturday, May 22 & Sunday, May 23	$195
Operational Analysis Saturday, May 22 & Sunday, May 23	$295
Off Premise Catering Saturday, May 22 & Sunday, May 23	$295
Real Estate & Site Selection Satruday, May 22 & Sunday, May 23	$295
Restaurant Design & Facilities Planning Saturday, May 22 & Sunday, May 23	$350
Marketing for Profit Saturday, May 22 & Sunday, May 23	$295
How to Turn Your Restaurant into a Private Tax Shelter Saturday, May 22 & Sunday, May 23 (One-and-a-half day)	$195
Management Recruitment & Selection Saturday, May 22 & Sunday, May 23	$295
Menu Development Saturday, May 22	$135

Location: McCormick Place Chicago, Illinois

Attendance will be limited.
Call or write the NRA Seminar Department

311 First Street, NW
Washington, D.C. 20001
(800) 424-5156 or (202) 638-6100

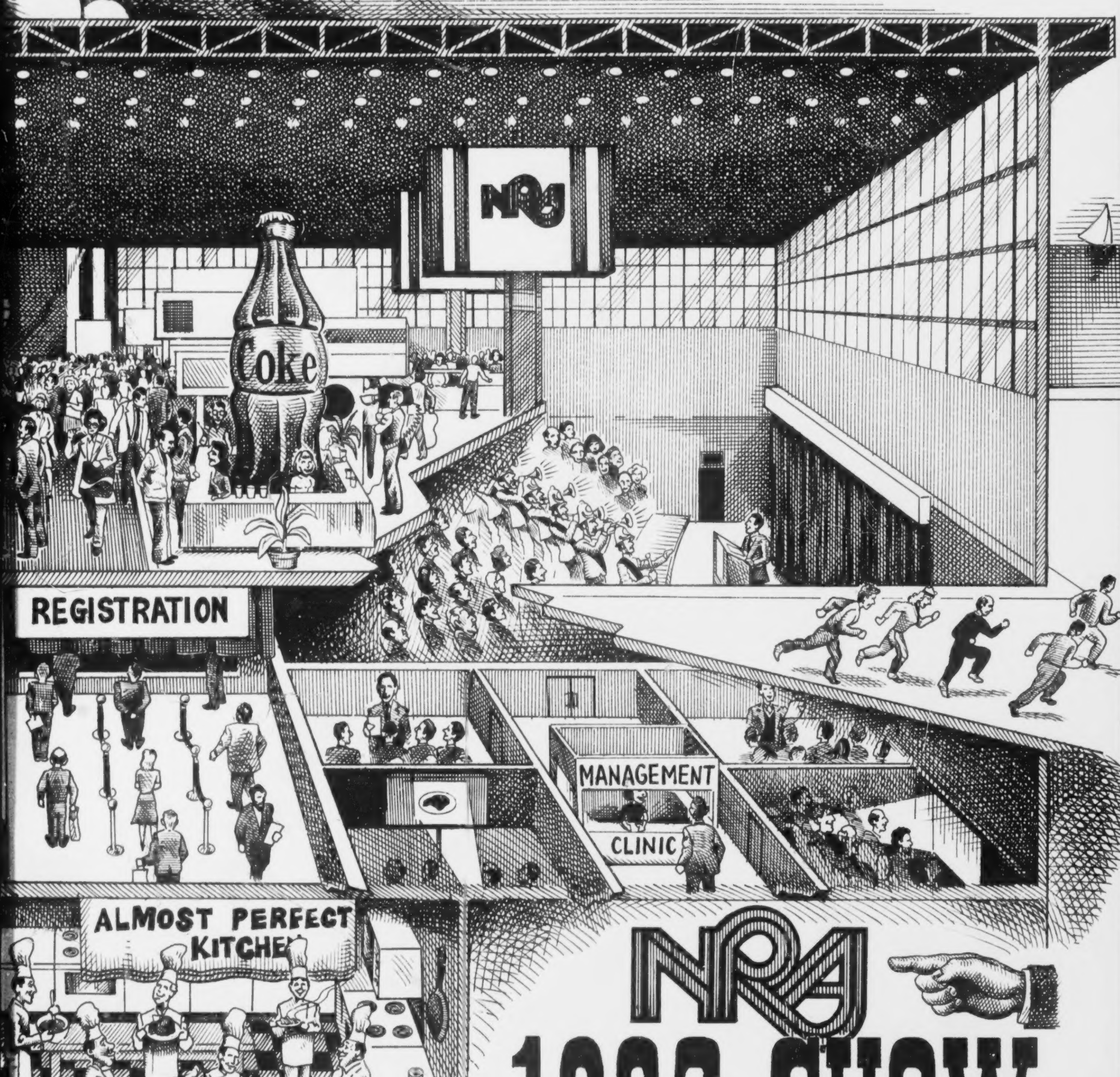
WN 02/23 MEMBER#81_004 WF
STATISTICAL REFERENCE IND
CONGRESSIONAL INFO SERVICE

4520 EAST-WEST HWY #800
WASHINGTON DC 20014

National Restaurant Association Vol. 2 ☐ No. 4 ☐ April 1982

A8200-1 4/27/82

NRA NEWS


NRA
Coke
REGISTRATION
MANAGEMENT
CLINIC
ALMOST PERFECT KITCHEN
NRA
1982·SHOW

See you there . . .
NRA 1982 Show!

May 22 through 26 at McCormick Place, Chicago, IL—that's the where and when of our industry's biggest and wildest happening. For 63 years, the NRA Show has provided the event-of-the-year for the hospitality industry, and each year it has been bigger, better and somehow brand new.

About 80,000 members of the hospitality industry gather annually for the NRA Show. Why? To see the latest products, to hear the newest ideas, to meet the industry elite, and just to enjoy themselves.

This year they will visit three huge floors containing 1,200 exhibits of the latest food products and equipment. They will talk to exhibitors, trained demonstrators and merchandising experts who will explain the newest foods, services and operating techniques.

They will attend educational programs designed to make them rethink every operation. David Armangsco, general manager of Durney Vineyards, moderates a panel on profits from the wine cellar. Thomas Haas, publisher of *Nation's Restaurant News*, and a panel of restaurant writers talk about getting along with your critics. Hank Laskin of Commercial Insurance Agencies discusses the scope and cost of restaurant insurance. The NRA Management Clinic offers an amazing variety of programs covering topics like labor costs, food purchasing, legal problems, seafood consumption patterns, wine merchandising and on and on. Then, there's still more. NRA will present 12 of its most popular one and two-day seminars during the first two days of the Show.

High-powered speakers will be featured, too. Writer and humorist C. Northcote Parkinson (Parkinson's law) will bring his genuinely useful laws to bear on hospitality management practice. And, if you want help understanding how the world is going, journalist George Will and commentator Paul Harvey will analyze the latest news.

Then there are the other events—the annual NRA Culinary Salon, the second annual 10 Kilometer footrace, three evenings of celebrity entertainment and all the excitement of Chicago in springtime.

The 1982 NRA Restaurant and Hotel-Motel Show is where you learn what you need to know to run your business while having a blast. We want you there.

Ted Balestreri

Ted J Balestreri

Chairman, Convention
Committee

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
Acting President
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Director of Publications and Editor
Steven J. Dahllof
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Sections Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Joan E. Campbell
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Art Miller
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
Elaine A. Raffel
James T. Rogers
John R. Rolfs
Rachel A. Zachary

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600, Chicago, IL
60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $100 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright © NRA 1982, all rights reserved. Postmaster, send address change to *NRA News*, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Special

11 *Showtime Update*—Get ready for the 1982 NRA Show, May 22-26 in Chicago. This special 26-page section will give you a glimpse of what we've planned. If you've been to the Show before, you'll find we've added a lot of surprises. If you've never attended, you just may be overwhelmed. To help gear up for the Show, take a look at *Showtime Update.*

Departments

Washington Report 3 White House works on regulatory relief—foodservice issue becomes priority.

4 Congressman labels proposed USDA beef grading standards a ripoff.
Farm bill issues resurfacing on Capitol Hill may affect commodity prices.

5 Emergency Petroleum Act vetoed by President.

6 Administration develops plan to revitalize inner cities.

7 IRS rules on targeted job tax credits.

8 NRA Interview—Congressman Bill Goodling proposes a special summer tax credit for employing youths.

The Board Room 9 NRA Chairman Walter Conti testifies before a Senate committee on the importance of the travel industry to the U.S. economy.

10 NRA Board Member Victor Impeciato works on college foodservice program.

The Law 27 Department of Labor clarifies employee meal credit issue.

Foodservice Trends 28 Is your benefits package good enough to keep foodservice executives in your company?

29 Consumers reveal attitudes toward restaurant promotions.

30 Consumer demographic trends on eating out are revealed in NRA survey.

33 Menu prices increase in 1981—outpacing food-at-home increase.

35 Commodity spotlight

36 Industry index

Sections

Short Orders 2 NRA questionnaire surveys membership needs.

Bill of Fare 37 A new twist in take out.

Technical Services 40 Avoiding roofing problems with proper maintenance.

STAMP-OUT
COOKING AT HOME

Membership survey to be completed

The more we know, the better we serve.

Every NRA key member will receive a short NRA questionnaire in the mail between April 15-30. Please take five minutes to complete it.

NRA needs to know

- how many units each member operates
- what types of restaurants our members operate
- how many workers are employed.

Please make this survey one of your top priorities.

SHORT ORDERS

NRA offers research handbook to aid in promotions

Ready to beef up your promotions? Begin with NRA's new publication *Market Research for the Restaurateur.*

The handbook will help you use basic research techniques to focus on the right audience and draw more attention to your operation. By using simple sales analysis, customer-comment cards, trading-area studies, competition analysis and consumer attitude surveys you will be equipped to determine what type of promotion will increase your sales.

To order *Market Research for the Restaurateur*, call or write NRA's educational materials center in Washington, DC.

Restaurant architects to review conservation

The next meeting of NRA's Multi-Unit Architects, Engineers and Construction Officers (MAECO) is scheduled for the Chicago Marriott, Chicago, IL, May 19-21, 1982 — just prior to the NRA Show. Warren Callahan of L-K Restaurants & Motels, Inc., is chairman of MAECO Programs will include designing safer foodservice facilities, relamping as an energy conservation measure, proposed building code changes and energy management systems. Contact Andy Poledor at NRA's Chicago office for meeting and hotel information.

NRA quality assurance group to discuss safety and health issues

NRA's Quality Assurance Officers are scheduled to meet at the Sheraton Harbor Island Hotel, San Diego, CA, Apr. 19-21, 1982. The program topics include vendor accountability, open-shelf life dating and roundtable discussions on microbiological levels, marketing quality assurance and sodium limitations. Current cochairpersons are Maryknoll Benner, director of quality assurance, Taco Bell, and W. Joel Simpson, director of quality assurance, Dobbs Houses, Inc. Contact Andy Poledor at the NRA's Chicago office for more meeting and hotel information.

NRA reveals demographic trends in eating out

Young people, between the ages of 18 and 24 eat out more frequently than any other age group, according to a recent study commissioned by NRA. NRA's survey on eating out patterns reveals demographic characteristics by age, sex, income, family size, female employment and region.

Southerners eat out more often than individuals from any other part of the country. Men dine out almost twice as frequently as women and senior citizens dine out infrequently.

If you are planning on expanding your promotional campaigns or adding new items to your menu. these demographic trends should help guide you toward higher profit margins by allowing you to focus on your potential market. For more information on trends uncovered in this survey see Foodservice Trends, pg. 28.

WASHINGTON REPORT

Regulatory relief task force reviews NRA issue

The President's Task Force on Regulatory Relief will review the Department of Labor's (DOL) controversial rules for paying exempt restaurant managers. The DOL rules are one of 11 regulatory issues the task force will study this year.

NRA raised the exempt manager issue with the vice president last April because it has become a significant problem in the industry.

In commenting on their decision to study these rules, the task force staff said, "The current regulations appear to restrict unnecessarily the managerial flexibility of restaurant owners and the training and advancement opportunities of restaurant employees."

President Reagan created the cabinet-level task force last year to help ease the growing federal regulatory and paperwork burden on Americans. The task force reviews proposed regulations, assesses existing regulations with an eye toward revision and coordinates proposals for legislative change.

DOL rules frustrate restaurateurs. . .

NRA has had little success in persuading DOL to clarify its lengthy and confusing rules concerning the payment of managers and assistant managers in restaurants. The Fair Labor Standards Act specifies that bona fide executive, administrative or professional employees are exempt from minimum wage and overtime requirements. That is, they can be paid on a salaried basis rather than by the hour and overtime.

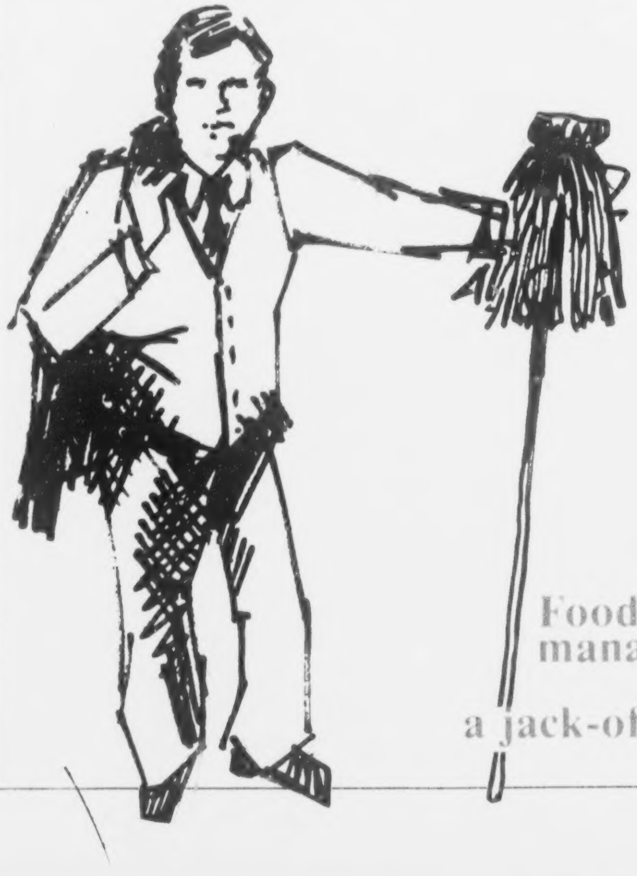
The problem arises in the regulations DOL has written that set forth six conditions that must be met before an employee qualifies for exemption from the minimum wage law. These criteria include

- that an exempt employee must have as his primary duty managing a company, subdivision or department
- that he regularly directs the work of at least two other employees
- that he has the authority to hire and fire, or his recommendations are given particular weight
- that he regularly exercises discretionary powers in his work
- that his non-managerial duties take up no more than 40 percent of his time (if he works in a retail or service trade) and
- that he is paid not less than $155 per week.

Obviously, the condition that is most difficult to meet in a restaurant is the one relating to non-managerial duties. Generally, managers in restaurants are called on to do many kinds of non-managerial jobs, such as operating the cash register, cooking food, setting tables — anything to keep the operation running smoothly and efficiently.

DOL's own rules recognize this fact; DOL notes in its regulations that the determination of whether an employee has management as his primary duty must be based on all the facts in a particular case. When an employee spends significant portions of his time (even over 50 percent) in non-managerial tasks, he may, nevertheless, have management as his primary duty if other pertinent factors support such a conclusion, the DOL rules state.

"For example," DOL says, "in some departments or subdivisions of an establishment, an employee has broad responsibilities similar to those of the owner and management of the establishment but generally spends more than 50 percent of his time in production or sales work. While engaged in such work



Foodservice manager. . .

a jack-of-all-trades.

he supervises other employees, directs the work of warehouse and delivery men, approves advertising, orders merchandise, handles customer complaints, authorizes payment of bills or performs other management duties as the day-to-day operations require. He will be considered to have management as his primary duty."

Sole charge provision. . .

This example from the department's own regulations is an accurate description of the types of managerial duties that assistant managers in restaurants often perform, but DOL has never allowed the restaurant industry this particular exception.

Instead, the common approach by DOL in the case of restaurants is to apply the department's so-called "sole charge" position — that an employee who is "in sole charge of an independent establishment or a physically separate branch establishment . . . is considered to be employed in a bona fide executive capacity even though he exceeds the applicable percentage limitation on non-exempt work." However, this rule allows only *one* employee per operation to be considered exempt. Rarely, if ever, can an assistant manager or night manager qualify as exempt — no matter how high his salary may be — unless he meets the 40 percent rule.

Field agents of the Department routinely deny assistant managers classification as exempt managers. The result, not infrequently, is that when overtime pay is calculated on a retroactive basis, assistants receive higher pay than their supervisors. The natural accommodation to this by management is to put all managerial employees on an hourly wage. This, NRA maintains, is contrary to sound organizational principles. It impedes the development of managerial skills and often works to the disadvantage of affected employees because in many cases they lose the benefits normally restricted to salaried employees, and their rights under profit sharing and pension plans are frequently affected.

Task force also will review teenage rules. . .

The vice president also announced in February that the task force will review the Department of Labor's teenage employment rules. DOL regulates the work that can be done after school and on weekends by teenagers, as well as the types of businesses in which youths can be employed. In addition, it imposes cumbersome annual certification requirements on those who employ teenagers. "These regulations contain many illogical and unnecessary restrictions on youth employment," the task force said. "For instance, the regulations prohibit teenagers from cooking hamburgers behind partitions but permit them to cook hamburgers behind lunch counters."

NRA has asked DOL to review a number of rules regarding teenage employment in restaurants, specifically Hazardous Occupation Orders Nos. 10 and 11, which pertain to baking and cutting machines used in restaurants. Restaurants employ more teens than any other single industry, so NRA considers the task force's decision to review these rules as a very important step in the right direction.

Other rules targeted for review by task force. . .

Some of the other rules and regulations the task force will review this year include

- Employee Retirement Income Security Act (ERISA) regulations and paperwork
- facilitation of exports by small business
- protections against trade secret abuses under the Freedom of Information Act
- credit regulations
- food manufacturing regulations and
- meat and poultry inspection exemptions.

Congressman labels USDA beef grading proposal "consumer rip off"

U.S. House Democrat Peter Peyser, (NY), introduced a resolution disapproving of the U.S. Department of Agriculture (USDA) proposed changes in beef grading standards. Peyser labeled the USDA proposal as a "rip off to the American consumer." His resolution asks for an immediate withdrawal of the proposal by USDA. In introducing the resolution Peyser stated, "Since its inception, people have come to rely on the USDA beef grades in making their purchasing decisions. Whether it's a housewife shopping for her family or a chef selecting the prime cuts for the restaurant's clientele, the beef grades tell consumers about the quality of beef they are buying with the . . . insurance that the beef they buy will be consistent with past purchases."

NRA, along with the Meat Purveyors and the Community Nutrition Institute, met with Peyser to ensure support for his resolution before he introduced it in the House on March 4.

USDA accepted comments on the proposal through March 31 and will study the proposal for up to 90 days before a written decision is published.

Farm bill issues resurface in Senate

Although the 1981 Farm Bill was signed into law late last year after heated debate in Congress, two controversial issues in the bill of significance to the foodservice industry have resurfaced in the U.S. Senate: requirements on imported beef labeling and commodity price supports.

Sen. J. Bennett Johnston (D-LA) introduced a bill (S. 2099) which would require imported beef to be labeled at all stages of distribution until preparation for ultimate consumption. "The intent of this legislation," Johnston explained, "is to assure that the consumer is fully aware of the source of the beef he is consuming to enable him to make as informed a choice as practical when he makes a purchase."

"The bill does not extend the imported meat labeling requirement to restaurants nor does it impose any new restrictions on imports. It simply requires full disclosure of the source of the beef to be purchased prior to preparation for final consumption," noted Johnston.

Several measures that required labeling in restaurants were proposed as amendments to the Farm Bill last year. These were opposed by NRA and other industry organizations, and they were dropped when the final bill was passed.

The final language in the Farm Bill passed by Congress regarding imported meat requires that all imported meat be subject to the same inspection, sanitation, quality, species verification and residue standards as are applied to similar products in the United States. Despite these new requirements, Johnston said he remains concerned "about the ability of the U.S. Department of Agriculture to make certain that imported beef reaching the American market is clean and free from contaminants which have been banned in this country.

"In my view, the simplest and most effective way of protecting the efforts of the American cattle producer and the interest of the American consumer is to provide information of the source of the meat and allow the consumer to make a choice. An informed consumer is the best judge of his own needs, and information is the service this legislation is intended to provide," stated Johnston.

New bill would raise support level for commodities. . .

Sen. James Exon (D-NE) introduced a bill that would restore the price support for wheat, corn and dairy products to those levels originally contained in the Farm Bill as reported to the Senate in May of 1981. The support levels later were reduced in the final version of the bill, and Exon now says the 1981 Farm Bill commodity supports are "inadequate in meeting the needs of our grain and dairy farmers.

"When the Senate considered S. 884 (1981 Farm Bill) in September of last year, amendments were adopted which significantly reduced the price supports for wheat, corn and dairy. During that debate on these amendments, I rose to object to the adoption of these reduced price support programs, believing that they would surely spell a continued decline in our agriculture economy. During the recent recess, I became increasingly alarmed at the effects the current recession was having on our farmers."

Despite Sen. Exon's concerns, it was clear to Congress and the administration last year that the support programs, particularly dairy, had been set too high in the past. The dairy price supports alone resulted in government expenditures of over $2 billion in fiscal 1981 for surplus dairy products. High dairy price supports ultimately mean higher consumer prices. For this reason, NRA backed the administration's drive to cut the expensive price-support program when the issue was voted on last fall.

The Farm Bill enacted last year sets dairy price supports at specific levels, generally around 70 percent of parity. The Exon legislation would allow the secretary of agriculture to set parity above that level if support purchases exceeded certain target levels.

Both the Exon and Johnston bills have been referred to the Senate Agriculture Committee. There are no cosponsors for these measures, and no action has been taken to date.

Emergency petroleum act vetoed by President

President Reagan vetoed the Standby Petroleum Allocation Act (S. 1503) on March 20, a measure that gives the Executive the power to set prices and allocate petroleum supplies in an oil shortage emergency (see March *NRA News*). Reagan opposed the legislation because he believes the authority provided in the bill is not needed and that a free-market approach is best in petroleum emergencies.

The President's veto could have been overridden if both houses of Congress voted by a two-thirds majority to enact the bill. The measure went back to the Senate where originally it passed by a large margin (86–7), but the Senate failed to override the veto on March 24. Failure by the Senate to override the veto in effect kills the bill.

Allocation of fuel during a shortage could affect food delivery to foodservice facilities. For this reason NRA argues that any allocation should give priority to food distribution — from the farm gates to the home and restaurant kitchens.

The bill would have extended some of the powers the President had under the Emergency Petroleum Allocation Act of 1973, which expired on Sept. 30, 1981. It would have allowed price controls and restrictions, but it did not call for rationing.

House and Senate conferees dropped a provision in the House bill that would have required the strategic petroleum reserve (SPR) to be drawn down in the event of an emergency. Congress plans to address the role of the SPR in upcoming hearings.

Administration develops plan to spur inner-city economy

An inner-city revitalization proposal being developed by the Reagan administration could add between $245 and $332.5 million to 25 targeted urban areas in 1984. Reagan plans to submit the urban enterprise zone proposal to Congress "for creation of enterprise zones as an experimental free-market program for dealing with some aspects of urban problems."

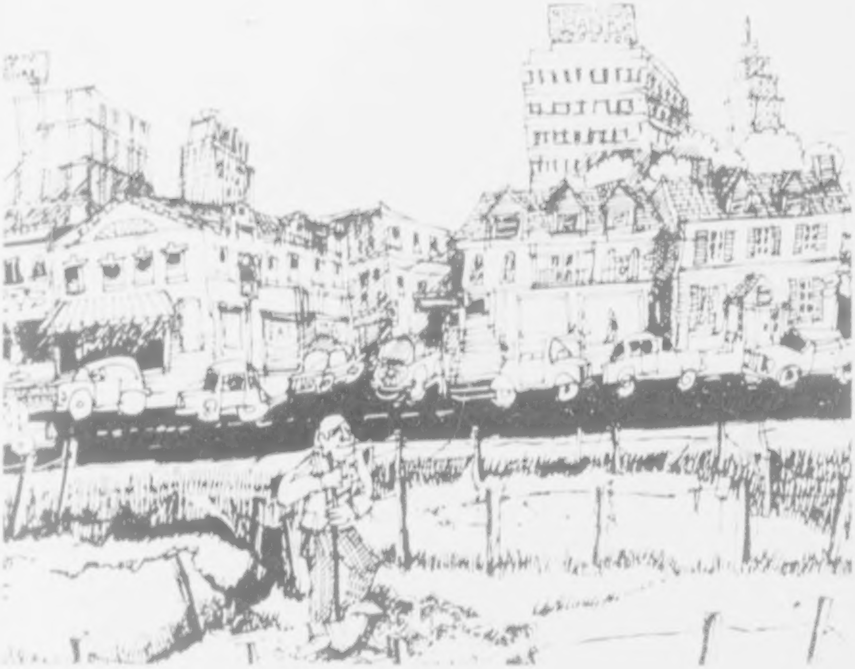
The major goals of the plan, developed in conjunction with the Department of Housing and Urban Development (HUD), are

- to create jobs in the nation's depressed areas, particularly jobs for disadvantaged workers
- to redevelop and revitalize the geographic zone areas themselves
- to stimulate new economic activity within the zones, not relocate businesses elsewhere
- to allow the market to decide which sort of businesses may be established in the zones, not stimulate any particular kinds of enterprises and
- to include a relatively balanced set of economic incentives for a wide range of business activity.

The underlying concept of enterprise zones is to create "a wide-open, free-market environment in depressed areas through relief from taxes, regulations and other government burdens," the White House said.

The White House was still working out final details of its program as this issue of *NRA News* went to press. The proposal was expected to be ready for introduction in Congress the first week of April. The following is a summary of the White House's proposal as pieced together from draft proposals and media reports.

Tax cuts and credits for businesses in zones . .



The administration would accomplish its goal of revitalization primarily through a number of specific tax breaks designed to stimulate capital investment and the construction or rehabilitation of property. Tax credits, as outlined in a January 18 draft, include

- a three percent credit on property depreciable in three years
- a five percent credit on property depreciable in five years and
- a 10 percent credit for the construction or rehabilitation of commercial, industrial or rental buildings. Machinery and equipment for the credit must be used in the zone for all of its depreciable life.

Capital gains taxes would be abolished in zones, and firms would be allowed an operating loss carryover for 15 years or the life of the zone, which is 20 years with a four-year phaseout. The special investment tax credits would also be carried over.

Employers would receive a 50 percent wage credit on salaries to employees who are qualified for the Comprehensive Employment and Training Act (CETA) program and a 10 percent credit, up to $1,500, on wages paid to other employees. Individual zone employees are eligible for a wage credit up to $450 on their salaries. All of the wage credits are non-refundable and, with the exception of the $450 employee credit, can be carried over for 15 years or the life of the zone.

The draft plan also calls for giving federal agencies the authority to suspend regulations in the enterprise zones at the request of state or local governments in accordance with standards set by Congress.

Applications for the zone status would be accepted from states or cities and would be judged on the basis of additional state and local incentives to target business to the zone. Reductions in property, sales, income and other taxes plus an increase in municipal services, police and fire protection and other services would also be emphasized, the draft says.

The program would eventually permit HUD to designate up to 75 zones over three years at an estimated cost of $9 to $13 million a year per zone, depending on the amount of economic activity generated.

Congressional legislation introduced

on June 3, 1981, by Reps. Jack Kemp (R-NY) and Robert Garcia (D-NY) has attracted the most attention although there have been other bills proposed. The Kemp-Garcia bill gained initial approval from the administration and is the basis for the administration's proposal.

Under this bill, a specific area of at least 4,000 residents located within a site with high levels of poverty and unemployment may be designated as a zone. Various taxes are eliminated and credits given to businesses established in the zone. Many of the bill's provisions appear in the administration's proposal. A major difference, however, is that the Kemp-Garcia bill stipulates that businesses located in an enterprise zone must hire forty percent of their employees from among CETA-eligible workers in order to get tax credits.

Committee hearings. . .

The Senate Small Business Committee recently held hearings on influencing small business investment in enterprise zones.

A staff member of the committee told *NRA News* that the hearing was an important step in determining small business concerns regarding the zones. "Although our committee will not have legislative jurisdiction over the proposal, our members do have an interest in the outcome. Sen. Rudy Boschwitz (R-MN), who cosponsored the Kemp-Garcia bill in the Senate last year and chaired the committee hearings, is actively involved in negotiations with the White House on the zone proposal."

Virtually everyone who appeared before the committee perceived the lack of a provision for start-up capital to be the major omission in the enterprise zone concept and legislation. "I would have to agree most strongly with those who argue that any approach which relies almost exclusively on tax credits will have little or no effect on attracting most small business to enterprise zones," said G. Cheston Carey, president of a small machinery and supply company in Baltimore, MD.

Small businessmen are not overly impressed with capital gains or income tax relief because they make little or no taxable income, Cary said. What most concerns small businessmen is cheap or free seed capital, subsidies for cheap labor, cheap property, service amenities and facilities and relief from burdensome federal, state and local government paperwork, such as licenses, permits and reports, he said.

Paul Pryde, president of a Washington, DC, development consulting firm, said the principal determinants of small business formation and expansion consist of the quality of local government, the extent to which capital is available at reasonable cost and the cost and quality of the work force. "Taxes, particularly income taxes, rank relatively low on almost all lists of important barriers to business expansion," he said.

But with huge deficits on the horizon for the next two to three years, the chances of the Reagan administration providing businesses with money "up front" are slim, the committee staffer said. Giving up tax revenue in the form of credits and tax breaks is probably as much as can be expected in these times of government cutbacks, he noted.

NRA studying plan. . .

The NRA board of directors took up the issue of urban enterprise zones at its January meeting in San Antonio, TX. Though the issue was discussed at length, the board decided not to take a position on the subject, pending further developments in Washington.

IRS rules on targeted jobs tax credit

The Internal Revenue Service (IRS) has ruled that a state employment security agency (SESA) may not delegate its certification duties and responsibilities for targeted jobs tax credits (TJTC) to other state agencies. However, IRS states in Revenue Ruling 82-8 that an employment agency may solicit advice and assistance from other agencies in determining whether or not an individual is a member of a targeted group.

The ruling clears up the question as to whether understaffed SESA offices may delegate their certification responsibilities to other agencies. Because of budgetary problems and reductions in work force, SESAs have requested that other agencies be given the authority to certify TJTC applicants. IRS ruled that such delegation of authority is not provided for in the law, but it said that "a SESA may use the expertise of other agencies or organizations to provide the information necessary to assist it in performing its certification duties and responsibilities."

Background. . .

The TJTC allows employers who hire individuals certified to be members of one of nine targeted groups to claim a tax credit on wages paid the individuals. (See March *NRA News* for more details on the TJTC program.) For eight of the targeted groups, individuals can qualify as members only if they are certified by a designated local agency as meeting the specified requirements for that group. The only exception is youth participating in a qualified cooperative education program. For cooperative education students, the certification is done by the school participating in the program.

Prior to passage of the Economic Recovery Tax Act of 1981 (ERTA), the secretary of labor and the secretary of the treasury had joint authority to designate the agency to perform certification of employees in a particular locality. ERTA, though, amended the law to provide that the term "designated local agency" means a state employment security agehcy. Congress indicated that it was designating the SESA in each state as the agency responsible for administering the certification process.

DOL gets needed appropriations. . .

The Department of Labor (DOL), which administers the program, has informed its regional administrators of the IRS decision. DOL has also received badly needed funds from Congress to keep the SESAs in operation. Many of the offices would have had to close earlier this year if Congress had not passed an appropriations measure giving DOL over $2 billion, including $210 million earmarked for SESA offices.

DOL told *NRA News* that this new money should alleviate some of the problems NRA members have had with certification delays.

Summer tax credit for hiring teens proposed in the House

Four-term conservative Republican Rep. Bill Goodling from Pennsylvania's 19th District has introduced legislation (H.R. 5389) that would provide employers an 85 percent tax credit for hiring teens this summer. Known as the Emergency Youth Employment Tax Incentive Act, Goodling's bill is co-sponsored by Reps. Augustus F. Hawkins (D-CA) and James M. Jeffords (R-VT).

Goodling, a former school principal, is best known for his attempt at saving the school lunch program from President Reagan's budget cuts last year. He serves on the House Education and Labor Committee — where he takes an active interest in food and nutrition issues — and on the Foreign Affairs Committee. NRA News *recently interviewed Rep. Goodling; his comments follow.*

NRA: Would you please describe the specifics of your Emergency Youth Employment Incentive Act, and tell us what you hope it will accomplish.

Goodling: We all know there are a tremendous number of unemployed youth out there. With no jobs available for youth, we could be in for a very troubled summer. I believe the encouragement to the private sector made in my bill could be the most constructive thing that we do for our unemployed youth.

My tax incentive package addresses the high unemployment rate — reaching as high as 50 percent in some inner cities — of the country's youth by providing tax credits to qualifying employers who

1) hire a qualified youth between May 17 and Sept. 17, 1982
2) assure that the qualified youth works on a substantially full-time basis and
3) certify that the hired youth has not displaced any other individual from employment.

Building on the Targeted Jobs Tax Credit (TJTC) program, the bill's provisions cover 85 percent of the wages paid to a hired teen instead of the 50 percent tax credit currently in place.

To be hired under the provisions of my bill, the individual must be between the ages of 16 and 21, must begin work between May 17 and September 17 and must be certified by a designated local agency as being a member of an economically disadvantaged family. The bill would also allow that 15 percent of the young people hired by one employer need not be economically disadvantaged for the employer to qualify for the tax credit. Also, those participating in the program are exempt from personal income taxes, social security taxes and federal unemployment taxes.

Q: Why not provide a youth differential to the minimum wage as an incentive rather than a tax credit?

A: I was going to tackle the minimum wage in this program, too. But I knew that would be the one thing that would delay it to the point where we could never get anything done. We need to get this passed rather rapidly in the House and the Senate and signed by the President so that the Chamber of Commerce and other groups can really put pressure on the people they represent to employ teens.

Rep. Bill Goodling (R-PA)

Q: What has the reaction to your bill been on Capitol Hill and at the White House?

A: We have not sought any reaction from the White House at this point, but we have gotten a good response from the Hill. Now we need to get the Ways and Means Committee moving, but at the present time, I don't believe they are moving on any kind of tax legislation. The program comes under that committee's jurisdiction since it involves tax matters.

One of the problems is that Ways and Means can't get a fix on what it would cost the U.S. Treasury for such a program. But I say no matter what it costs, it's a cheap investment.

The important thing about this legislation is that it calls for action this summer. When you talk about the President's tax program or the Kemp-Garcia approach to unemployment (urban enterprise zones), those are things that are down the road. They are not going to help us much this summer, and it's this summer that I'm especially concerned about.

Q: How do you think Republicans will fare at the polls in November?

A: The prospects are dim unless there is a turn-around in the economy. The public is very impatient; they expect immediate cures. I'm not so optimistic as I was six months ago. There was a time when I saw great hopes for the Republican party as far as November was concerned. Now we need a pretty good turn-around before the first of October for that to happen.

And it may not just be Republicans who are affected by the recession. It may affect all incumbents. The sad thing is that if there are dramatic changes at the polls in the other direction, it will probably signal a return to the same old business of public-service jobs and big government spending.

THE BOARD ROOM

Conti testifies before Senate on travel and tourism

Travel and tourism is now the third largest industry in the United States and could very well become the largest by the end of this century. In 1981, domestic and foreign travelers spent over $180 billion in America, and the travel and tourism industry contributed approximately seven percent to the gross national product (GNP).

Foodservice, the largest sector of the industry exclusive of transportation, accounts for one-quarter of the consumer's travel budget, produces the largest number of jobs and is one of the largest earners of receipts in the tourism industry.

NRA Chairman Walter Conti, armed with these facts, testified before a Senate Commerce Subcommittee on the importance of tourism in foodservice. The subcommittee hearings were called to review the impact of travel and tourism on the U.S. economy.

The impact of tourism on foodservice...

"More than one-third of total foodservice industry sales are directly related to travel and tourism in the United states," Conti told the subcommittee. "In 1980, travel-related food expenditures totaled $43.5 billion. Ninety percent of the traveler's food budget, or $39.1 billion, was spent in restaurants, accounting for approximately 34 percent of total foodservice industry sales."

"It is clear that whether we're talking about a coffee shop breakfast, an airline luncheon, or a 10-course dinner on a cruise ship, the foodservice industry is providing an essential service to the traveler, who, in return, handsomely contributes to the sales and, thereby, the growth of the industry," Conti said.

NRA Chairman Walter Conti testifies before Senate.

"Most important," Conti added, "the traveler's food dollar helps to stimulate employment within the foodservice industry. Foodservice travel expenditures for 1980 — both foreign and domestic — roughly translate into 1.9 million jobs. Many of these jobs were part-time positions most often filled by young people. These are direct foodservice occupations, such as waiters, cooks and counter workers, which provide many youths with their first real work experience.

"In fact, the foodservice industry's employment profile shows that 24 percent of those working in foodservice occupations are teens, and I'm certain that I don't have to elaborate on the benefits to our economy as a result of this boost to youth employment," he told subcommittee members.

Conti noted, too, that "our friends in the hotel and lodging industry, many of whom have foodservice operations in their establishments, are also a large and dynamic force in the travel and tourism industry. In 1980, the hotel and lodging industry received $23.5 billion, or 14.6 percent, of total traveler expenditures. Food and lodging together totaled nearly 40 percent of the domestic and international traveler's expenses."

McCoy notes quirks in travel and tourism records...

Despite the glowing record for travel and tourism sales and growth, Under Secretary for Travel and Tourism Peter McCoy told the Senate panel that 1981 "was a year of paradox and mixed results for the travel industry."

He noted that "domestically, tourism receipts and the number of trips were up, but much of the growth in receipts was attributable to inflation" and that "vacation trips rose, but convention-related travel declined."

"In short, the travel industry in 1981 was an economic sector buffeted by the forces of inflation, recession, deregulation of the airline and motorcoach industries and the lingering effects of the air traffic controllers' strike."

However, McCoy said that international tourism receipts rose roughly 15 percent to $11.7 billion last year. "This was an all-time record and marked the first time that U.S. international tourism receipts equaled U.S. international tourism payments to other countries." McCoy said that 1981 was also the ninth straight year in which real growth in tourism receipts outpaced real growth in tourism expenditures.

McCoy said he was troubled, though, by the fact that the U.S. share of the world's tourism receipts has been eroding since 1976 and has remained below the 11-percent mark since 1978. On the other hand, he said, "No country in the world earns more from international tourism than the United States," and "U.S. receipts from international tourism are growing faster than U.S. export earnings as a whole."

Putting tourism on a year-round basis. . .

McCoy said that efforts should be made to put tourism on a more year-round basis. He noted that many motels and resort areas operate below capacity for three-quarters of the year, and as a result there is seasonal unemployment and "unfulfilled potential, lost opportunity and unrealized economic benefit.

"The basic source of the problem is that the bulk of this country's vacation travel is based on school vacation schedules, and most schools observe a three-month summer vacation," McCoy said. He pointed to programs developed in Europe to deal with this problem. In Germany, he said, officials have spread tourism demand. State schools in Germany have staggered vacation schedules so that not all school children take a vacation at the same time.

"I do not propose a nationwide system of rigid and arbitrary school vacation periods for the U.S. But I do think the time has come to focus attention on the independent schedule decisions of millions of school districts."

Future demographic and population trends. . .

Looking to the future, McCoy said the travel and tourism industry will be affected by the general aging of the American population. Retired Americans, with the advent of the new IRA accounts, could be expected to contribute more to travel and tourism receipts, he said.

McCoy predicted that employee vacation benefits will be liberalized in the future because generally workers want more leisure time. "Given economic prosperity between now and the end of the century, I think we can expect average paid vacation time to increase from two weeks to four weeks, and, if this occurs, demand for travel should expand accordingly."

Conti asks senators to look closely at USTTA budget. . .

In response to the administration's proposal to cut USTTA's budget from $7.6 million to $5 million, NRA Chairman Conti said, "NRA wholeheartedly supports strong federal and local government involvement in the promotion of tourism, and we urge you when considering the fiscal 1983 budget proposal for the U.S. Travel and Tourism Administration to examine closely and weigh the need to reduce federal spending against the certain economic returns which would result from a well-formulated and coordinated national tourism policy.

"The opportunity exists through the newly created USTTA to coordinate, promote and take full economic advantage of this demonstrated-growth industry," explained Conti to the senators.

NRA Board Member Victor Impeciato of Vittorio's in Atlanta, GA.

Board member guides university curriculum

In January, NRA board member Victor J. Impeciato saw the Board of Regents of Georgia State University (GSU) approve the expansion of that institution's hotel, restaurant and travel administration program (HRTA). Impeciato, chairman of the GSU program's advisory council for the past three years, has been instrumental in guiding curriculum development and implementation. Prior to the regents' decision, GSU offered only a two-year program of study which led to an associate degree. However, the expanded course of study will now lead to a bachelor's degree with majors in each of the three areas.

According to Impeciato, last year the hospitality industry contributed $6.8 billion to Georgia's economy, making it the Peach State's second largest industry. "I fully expect GSU's program to emerge as one of the major hospitality schools in the country," Impeciato said, noting the school is ideally located in the nation's third largest convention center.

"Atlanta provides students with a natural laboratory, and the program will undoubtedly continue to enjoy strong industry support. Many of our students already hold part-time jobs in the industry. Corporations in the area have given strong scholarship support, and individuals in the hospitality industry are constantly making contributions in the classroom as resource personnel for HRTA faculty," Impeciato noted.

The regents' decision will allow 50 new program majors to enroll in the next six months, bringing total enrollment up to 175. HRTA Program Director Patti Shock says she expects the program to be further upgraded into a full-fledged school in GSU's College of Public and Urban Affairs within the next few months.

Individuals interested in making applications to enter HRTA should address their inquiries to Patti Shock, Hotel, Restaurant and Travel Administration, Georgia State University, Atlanta, GA 30303.

63rd Annual Restaurant, Hotel-Motel Show • Chicago, Illinois, May 22-26, 1982

Showtime Update

No questions left unanswered

Is bigger really better — the bigger the better et alas?. . .

That's simple — interaction and exchange of ideas generate more solutions than meditation ever will. The more industry representatives and suppliers that convene at the NRA Show — the greater the opportunities to find out what is happening in the industry. This is particularly true in a business as diverse as foodservice.

We'll prove it to you. . .

Play a game with yourself or better yet, organize the group you are with at the Show. See if you can find a question — any question — about the industry that cannot be answered by someone at the convention during the five days — sort of a scavenger hunt for ideas and concepts.

Your sources are almost limitless. Besides the over 32,000 other foodservice individuals, there will be 6,100 product displays, a total of over 80,000 individuals. It's very unlikely that the hunt will be fruitless.

But where to begin?. . .

You will have five days for your hunt with a list of possible sources that may make you weary — 48 scheduled programs with guest speakers from all segments of the business world, 12 NRA seminar programs, 1,200 exhibits — more than 240 are new this year — the Almost Perfect Kitchen, Hot Food Competition — and there is more, take a look at the schedule of programs.

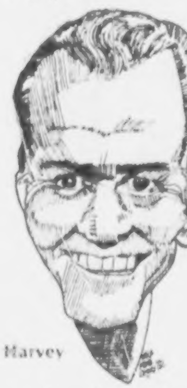
Like any good hunter you'd better plan how you're going to make the catch. Working out your schedule before you even arrive at the Show never hurts — particularly if this will be your first Show.

The *Showtime Update* will give you some ideas and maybe a few clues to head you in the right direction for your idea hunt.

If your question proves unanswerable, though we doubt it will, *NRA News* would like to know. Stop by the NRA membership booth and fill out an "unanswerable card." We'll try to find the answers to your questions and publish them in the post-convention issue of *NRA News*. If we can't find a response, we'll give it to the *NRA News* readers to answer.

Paul Harvey, the nation's only one-man network, will open NRA 1982 Show

From editorial to news, Paul Harvey's comments will hold your attention at the 1982 Show opening. What makes him so popular? He's the nation's largest one-man news network — broadcasting to 800 radio stations, 400 armed services stations and 100 television stations. His syndicated column appears in 300 newspapers.



Paul Harvey

He's got a handle on the facts with an editorial angle that will make any reader or listener sit up and think. Whether you agree with him or not, his popularity is testimony that America cares about what he has to say. Harvey appears in person before approximately one million people a year.

Don't miss Paul Harvey at NRA's Opening Day Program Sunday, May 23, 2 p.m. in McCormick Place's Arie Crown Theatre.

Don't forget your saddle shoes

Come see your rock & roll heroes in person. Dance to the music of Danny and the Juniors, as well as the Coasters and the 1950's million-seller musical favorites. Experience the 50s all over again as you jitterbug yourself into nostalgia of the good ole days. Admission is free, just present your Show badge at the door. Don't forget your saddle shoes and poodle skirts, Sunday, May 23, 9:00 p.m. - 1:00 a.m. at the Grand Ballroom, Hyatt Regency, Chicago.

NRA Banquet will stop the stars

The rest of Chicago may as well close up on the evening of the NRA's Grand Banquet and Show, Tuesday, May 24 at 7:00 p.m. Nothing in town will compare to our line up of stars and culinary specialities.

Whether you are there for the entertainment or the lavish meal, we've got everything you dreamed of and even a few palate refreshers on the side.

Comedian Flip Wilson and one of NBC's Tonight Show stars, Doc Severinson, have put together a show you won't soon forget. Chefs at the Chicago Marriott will undoubtedly bill this banquet as their meal of the year.

Reserve your tickets now from Philip Kralovec at the NRA office in Chicago.

Doc Severinsen

Comparative shopping — nowhere like at the NRA Show

What's the best part of the whole NRA Show? That's a hard one. Ask 100 people, get 100 answers. But one thing that everyone will agree on is the tremendous opportunity the Show provides to sample and test new products.

The NRA Show is the largest annual display of foodservice products in the world! That's right, the entire world. Where else can you find over 20 acres of exhibit area with representatives of more than 6,100 products ready and waiting to answer your questions and show you the latest items? Nowhere! Nowhere, but the NRA Chicago Show.

If you're in the market for bar equipment, there are 37 different companies from all over the country on hand to talk to you about your individual situation. Forty-one companies are there to discuss refrigeration equipment. There are even four companies to tell you all about scouring pads. Can you imagine how long it would take you and how much it would cost just to visit 41 different companies or talk to 41 representatives coming in and out of your establishment? Here, all under one roof, is an excellent opportunity for comparative shopping and it all can be done in a matter of days. With 6,000 products represented — from aprons to barbeque machines to cash registers to vending machines to work tables — there has to be something for everyone. If this is the year for you to buy china, uniform emblems, furniture, dishwashers, mirrors or any of 995 product categories you might never have an opportunity like the 63rd Annual NRA Restaurant Hotel-Motel Show.

See you there!

~What's happening while you're in Chicago~

The NRA Show will more than occupy all of your time. However, your family may want to see the city of Chicago while you're busy at McCormick Place. Remember, no one under 16 is allowed into the Show, but children can have a wonderful time exploring the many delights Chicago has to offer.

Interior of the Field Museum of Natural History.

Tours that provide an inside view . . .

- **Chicago Tribune Tours** — 75-minute tours of the Chicago Tribune production facilities including a film. Monday through Friday, 9:30 a.m., 11:00 a.m., 1:15 p.m. and 2:45 p.m. Reservations required, admission free, (312) 222-3993.
- **Merchandise Mart tours** — Walk the halls lined with display rooms and listen to brief lectures on how buying is done in several show houses. The 90-minute tours are conducted Thursdays at 10:00 a.m. and 1:30 p.m., reservations accepted, admission $3.75, (312) 661-1440.
- **Art Safari** — A two-hour tour of four to five prominent Chicago galleries with a knowledgable guide. Regularly scheduled tours start at 10:30 a.m. Saturdays at Chelsea Restaurant in the Westin Hotel. Reservations must be made one day in advance. Groups can arrange special tours any day of the week. Admission $15 which includes continental breakfast, (312) 328-4377.
- **Archi Center** — A walking tour of the Chicago Loop with narration about architecture in Chicago and the development of the skyscraper. Monday through Thursday at 1:00 p.m., Saturday and Sunday at 2:00 p.m. Located at 330 South Dearborn, admission $3.00, (312) 782-1776.
- **Chinatown** — Group walking tours of Chicago's Chinatown, Monday through Friday. Visit two churches and the Chinese Community Center. Fee: $15, (312) 225-0234.

Amuse yourself at a museum . . .

- **Field Museum of Natural History** — Roosevelt Road at Lake Shore Drive. Open 9:00 a.m.–6:00 p.m. daily, Friday, 9:00 to 9:00 p.m., admission $2.00, Friday — free, (312) 922-9410.
- **Museum of Science and Industry** — 57th and Lake Shore Drive. Hundreds of science exhibits with visitor participation. Open 9:30 a.m.–4:00 p.m. Monday through Friday, 9:30 a.m.–5:30 p.m. Saturdays, Sundays and holidays, (312) 684-1414, admission free.
- **The Adler Planetarium** — Moons and rings, a one-hour sky show. Monday through Thursday at 2:00 p.m., Fridays at 2:00 p.m. and 8:00 p.m., Saturdays, Sundays and holidays at 11:00 a.m., 1:00 p.m., 2:00 p.m., 3:00 p.m. and 4:00 p.m., admission: no children under six, children 6 to 17 years old, $1.00, adults, $2.00.

Shopping, Shopping, Shopping . . .

- **Water Tower Shopping Mall** — This famed mall houses 120 speciality shops including Marshall Field and Lord and Taylor, as well as restaurants and a movie theater. Shopping hours are Monday and Thursday, 10:00 a.m. to 7:00 p.m., Tuesday, Wednesday, Friday and Saturday 10:00 a.m. to 6:00 p.m. and Sunday noon to 5:00 p.m. (312) 440-3460.

A Gallery of Art . . .

- **Art Institute of Chicago** — Michigan Avenue at Adams. Open 9:30 a.m. to 4:00 p.m. Monday through Friday, Thursdays 10:30 a.m. to 8:00 p.m., Saturday 10:00 a.m. to 5:00 p.m., Sunday noon to 5:00 p.m., admission, $3.00, (312) 443-3600.
- **Contemporary Art Museum** — 237 East Ontario Street. Admission $2.00, free on Tuesdays, (312) 280-2660.

A day at the theater . . .

- **Arie Crown Theater** — "The King and I" with Yul Brynner at McCormick Place. Dates and times to be announced. Call for reservations, (312) 791-6000.
- **Second City** — Original comedy revues at 1616 North Wells. Admission $6.00 and $7.00, reservations necessary, (312) 337-3992.

Watertower Place — the tall white building to the left center.

Other entertainment avenues . . .

- **Visitors' Eventline** — a phone recording of happenings in the Chicago area as compiled by the Chicago Convention and Tourism Bureau, (312) 225-2323.
- **Hot Tix** — Obtain same-day theater tickets at half price, (312) 977-1755.
- **Cultural Arts Information** — dial (312) F-I-N-E-A-R-T.

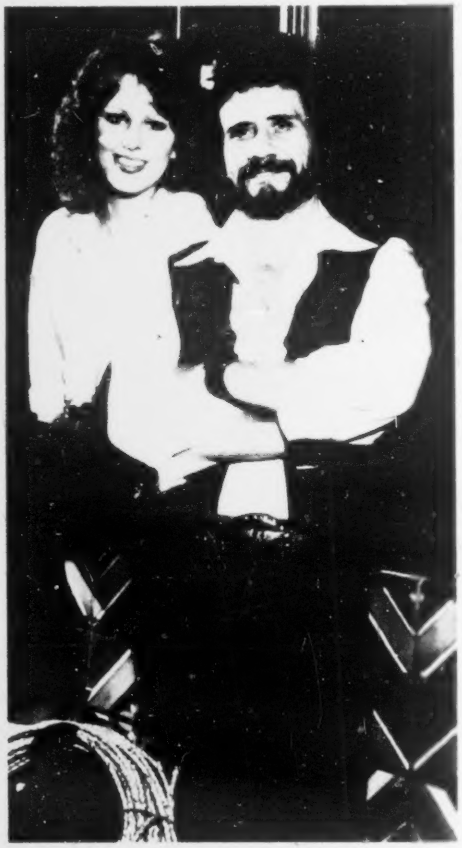
We hope you have the time of your life in the wonderful, windy city of Chicago.

The red-carpet is ready and waiting for you

We're excited! You're coming to NRA's 63rd Annual Restaurant Hotel-Motel Show, and we just can't wait to see you. And to prove it, here's how we're rolling out the red carpet to make your stay as convenient and as enjoyable as possible.

- Complimentary bus service — We've hired a fleet of 100 buses driven by the friendliest bus drivers in all of Chicago, to take you from hotel to show site from 8:30 a.m.-7:00 p.m. at convenient 15-minute intervals.
- No room rate increases at 22 major hotels — NRA has charmed 22 hotels into offering the same rates as last year. That's right, no increase even in these inflationary times!
- Special air fare savings — Delta and American airlines are offering a special savings on all their flights to and from Chicago during NRA Show time. Call early for details. American 800-433-1790, Delta 800-241-6760.

Come on to Chicago and see the Show. You'll have a real good time. Chicago is everybody's kind of town.



Country and Western stars West and Frizzell.

Country and Western hit Chicago

Where can you do the Texas two-step north of the Mason-Dixon line? Well, just so you southerners don't get home sick, we're bringing Country and Western to the NRA Show, Monday, May 24. The 1981 Country and Western duo of the Year, David Frizzell and Shelly West will get your feet stomping along with the unforgettable harmonies and percussion of John Frigo and his Country Hit Men. Ladies, bring your lassoes; men, don't forget your cowboy boots. Mosey on down to the Grand Ballroom of the Chicago Marriott, Monday, May 24, 9:00 p.m.-1:00 a.m. Bring your NRA Show badge for free admission.

Special event, social and evening schedule

Sunday, May 23

8:00 a.m.
The Main Course (10k footrace)
The run will start out at the Chicago Art Institute, Columbus Drive and Monroe Street. (Advance registration required.)

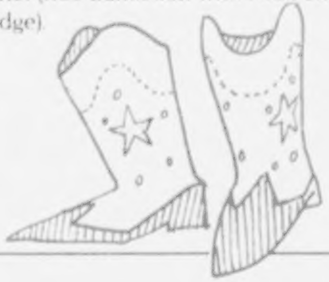
2:00 p.m. - 3:00 p.m.
Opening Day Program
Featuring Paul Harvey, Walter Conti and the Phantom Regiment in Arie Crown Theatre, McCormick Place (free admission).

9:00 p.m. - 1:00 a.m.
Conventional Capers — those fabulous 50's with Danny and the Juniors and The Coasters in person
Grand Ballroom, Hyatt Regency Chicago (free admission with NRA Show badge).

Monday, May 24

2:00 p.m. - 3:00 p.m.
NRA membership meeting
George F. Will
Lindheimer room — McCormick Place

9:00 p.m. - 1:00 a.m.
Convention Capers — NRA Country and Western Night with David Frizzell and Shelly West as well as John Frigo and his Country Hit Men
Grand Ballroom, Chicago Marriott Hotel (free admission with NRA Show badge).



Tuesday, May 25

7:00 p.m.
NRA Grand Banquet
Doc Severinsen in concert, special guest star Flip Wilson
Grand Ballroom, Chicago Marriott Hotel (ticketed affair).

Follow NRA Show news on close-circuit television

Tune in to "NRA TV Today!" for a close-circuit update on Show news and activities.

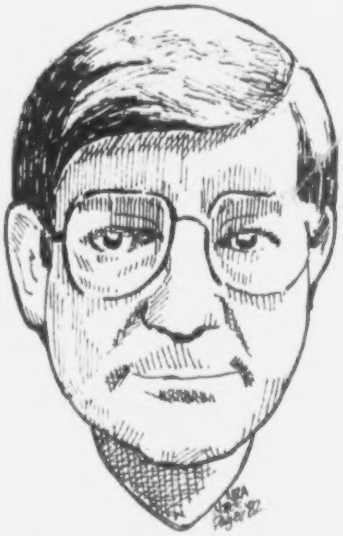
NRA TV Today will be connected by cable to the 18 major Loop hotels — about 14,000 television sets.

When you get up in the morning or back to the hotel after a day on the expo floor, switch on NRA TV Today. You'll find a schedule of the air times on top of your hotel television.

NRA TV Today will be hosted by three top-flight anchor persons, each with impressive television credentials on both national and regional programs. Their task will be blend together all the ingredients and report the activities of the NRA Show as they occur in the form of short, colorful news features and editorials. Don't miss it, NRA News Today!

NRA TV TODAY

Pulitzer prize winner, George Will, scheduled for NRA membership meeting



George Will

"Clear thinking and good government depend on drawing reasonable distinctions. We are much in need of criteria for distinguishing between those rights that should be uniform, and hence national responsibilities and other rights and benefits that should be within the sphere of state discretion and experimention," exponded George Will in one of his biweekly columns in *Newsweek*. This article was, of course, on the hot issue of New Federalism.

Will, a highly acclaimed journalist and a 1977 Pulitzer prize winner, is scheduled to talk at NRA's membership meeting on Monday, May 22 at 2:00 p.m. In his syndicated *Washington Post* column, as well as in *Newsweek*, Will is able to put his fingers on the often overlooked dilemmas created by the great problemsolvers of our times. On New Federalism — a prospect that state legislators are looking over with great concern — Will explains the Internal Revenue Service should also be hesitant: "High state and local taxes might be less responsive to . . . economic growth than federal taxes are. Furthermore, state and local taxes are deductible from federal taxes, so increases in state and local taxes come at the expense of federal revenues."

Why all the hullabaloo over New Federalism? If states are forced to increase their revenue because of the holes left from reduced federal aid to state and local coffers, expanding restaurant taxes may be a prime target.

Plan to sit back and absorb — George Will's presentation is sure to be current, informative and necessary for every restaurateur who wants to keep up with where our nation is headed. Will has his finger on the economic, political and social forces of this nation. Don't miss him, Monday, 2:00 p.m., in the Lindheimer Room at McCormick Place.

Supervisors show thumbs up on the jobs

Find out how foodservice supervisors and former supervisors feel about paperwork, pressure and working conditions, as John Bilon and D. Jackson Ramsey review the results of their nationwide survey of supervisory management practices.

Their report conflicts with other recent reports on job satisfaction in the foodservice industry. Find out why on Monday, May 24, 10:30 a.m.-12:00 noon. The answers may surprise you.

Culinary salon — a wonderland of food displays

Join us behind the looking glass at the 1982 NRA Show Culinary Arts Salon. Alice herself would not believe the incredible food displays being prepared for this year's Cold Food Competition.

Over 200 chefs, apprentices and students will participate in this year's salon under the guidance and approval of the American Culinary Federation. Well-known chefs from around the world will judge winners in seven categories, including: Grand Prize of the Entire Show, Grand Prize — Pastry Display, Best of the Show, Most Original Piece of the Show, Judges' Special Award and Best Entry from a Junior Culinarian.

See you behind the looking glass May 23-24, on the Concourse level of the exhibit floor.

Near NRA headquarters in Washington, DC, association staff gets ready for the Main Course footrace at the NRA Show.

Get warmed up for the second annual Main Course race

On your mark. . . . There's more to see at the 1982 Show than you'll ever be able to fit into your schedule. But just to get you going as a fast pace, we're starting off the Show with a 10 kilometer (6.2 mile) footrace through downtown Chicago. The second annual Main Course race will begin Sunday, May 23 at 8:00 a.m. at the Chicago Art Institute. Advanced registration is required (2,000 limit). Contact NRA's convention department in Chicago.

Over 1,000 attendees and exhibitors competed in last year's race. The entry fee — $5.95 — will be donated to the American Cancer Society. Don't forget your jogging shoes — you'll need them for the Show even if you don't run in the Main Course.

How to update your food and beverage operations

Charles Levinson, a restaurateur for 25 years, professor at University of Nevada, Las Vegas and author of *Food and Beverage Operation*, will tackle the techniques of money-saving operations in every phase of the hospitality business at NRA's Management Clinic.

Levinson explained, foodservice operators are using antiquated methods for daily cost controls. His seminar is geared to bring your accounting practices up-to-date with the 1980s.

Levinson will show you how to restructure your menu prices to improve gross profits. He will consider questions, such as "Have you included actual gross percentages in calculating your labor costs?"

Control Your Costs — Tuesday, May 25, 1982, 10:30 a.m.–12 noon, third level of McCormick Place.

THE MAIN COURSE
10K
CHICAGO, ILLINOIS

Seminars to increase your profits

The NRA seminar department's educational showcase is presenting 12 one, one-and-one-half and two-day seminars at the NRA 1982 Show. During the two days of programs, NRA will present in-depth and comprehensive seminars, which will go beyond the basics to provide the experienced industry professional with updated information and solid background on industry trends and problem areas.

Registration/check-in for all 12 seminars will begin at 8:00 a.m., Saturday, May 22, on the lobby level. Look for signs to management clinics. Seminars begin at 9:00 a.m., Saturday, and conclude at 5:00 p.m. The one-and-one-half-day seminar will reconvene on Sunday, May 23 at 9:00 a.m. to 12:00 noon; the two-day seminars reconvene on Sunday May 23 at 9:00 a.m. to 5:00 p.m.

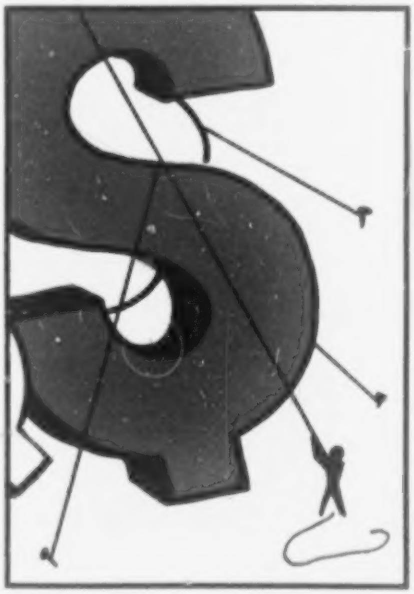
Seminar registration fees are reduced 25 percent of the total cost if three or more employees from the same company attend any of the seminars. Fees for one and one-and-one-half-day seminars cover costs for all instruction material, refreshment breaks and one luncheon. The fee for two-day seminars covers costs for all instructional material, refreshment breaks and two luncheons.

Attendance will be limited so you are urged to register early to ensure your place.

The following seminars will be offered

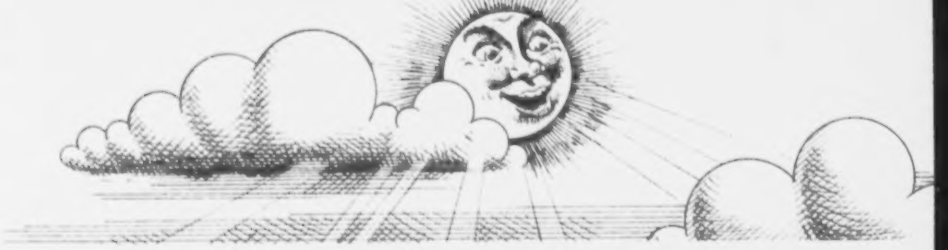
during the Show

- **Computers** — one day — Saturday, May 22 — recommended for anyone who is buying equipment for the first time, planning systems for a new operation or considering replacement of current equipment. The seminar will cover systems for fast food, table service and bars. *Fee: $135 NRA members and $150 non-members.*
- **Budgeting and Profit Planning** — one day — Saturday, May 22 — designed for non-accountant managers who are involved in the budgeting process. The seminar will improve budgeting skills and help you use your budget more effectively for planning and control. *Fee: $135 NRA members and $150 for non-members.*
- **Controlling Food Cost** — one day — Saturday, May 22 — this seminar uses a practical, how-to approach to help you identify the critical cost-control areas in your operation, and give you effective tools for cleaning up and preventing profit drain. *Fee: $135 NRA members and $150 for non-members.*
- **Menu Development** — one day — Saturday, May 22 — this seminar will give you information, new ideas and proven strategies to develop a winning menu. Price, selection, layout and other details are discussed. *Fee: $135 NRA members and $150 non-members.*
- **How to Turn Your Restaurant Business into a Private Tax Shelter** — one and one-half days — Saturday May 22, and one-half day, Sunday, May 23 — this seminar provides in-depth, practical information on tax planning. You should attend if you are in a high income or estate tax bracket, you intend to transfer control of your business to the next generation, your business is growing in volume or number of units, or your restaurant is the most valuable asset in your estate. *Fee: $195 NRA members and $250 non-members.*
- **Hiring Hourly Employees/Performance Review** — two days — Saturday, May 22 and Sunday, May 23 — the first day you will learn just how simple and effective good hiring can be. The second day will show you techniques to develop more motivated employees and deal with the problem performers both fairly and effectively. The seminar is designed for managers who wish to increase staff productivity, but who have no formal training in personnel and hiring; also a good refresher course for personnel and training directors. *Fee: $195 NRA members and $250 non-members.*



- **Operational Analysis** — two days — Saturday, May 22 and Sunday, May 23 — provides specific, in-depth procedures to help you see your business more clearly, identify areas for significant profit improvement and analyze the effectiveness of your control systems. This seminar is designed primarily for owners and general managers and officers with multi-unit responsibility. *Fee: $295 NRA members and $325 non-members.*
- **Off-Premise Catering** — two days — Saturday, May 22 and Sunday, May 23 — this seminar offers a complete guide to success and profits through off-premise catering. You will learn everything you need to know to pull off customer-pleasing parties and make money while doing it — from sales to costing to menu development and more. *Fee: $295 NRA members and $325 non-members.*
- **Real Estate and Site Selection** — two days — Saturday, May 22 and Sunday, May 23 — this program is a must if you are involved with opening new units or considering expansion. This step-by-step site selection method presented will work equally well for independently-owned restaurants and multi-unit companies and for any type of restaurant from full-menu table service to limited-menu fast food. *Fee: $295 NRA members and $325 non-members.*
- **Restaurant Design and Facilities Planning** — two days — Saturday, May 22 and Sunday, May 23 — this seminar is a must if you are involved with any kind of restaurant design project — remodeling, expansion, or new unit. This will give you the background you need to understand and control your project to avoid costly mistakes. Bring your plans, blueprints and project information for individual evaluation. *Attendance limited to 50. Fee: $350 NRA members and $400 non-members.*
- **Marketing for Profit** — two days — Saturday, May 22 and Sunday, May 23 — you will learn techniques that will enable you to increase customer counts, develop a satisfied repeat trade, increase check average, minimize the risk involved in opening new units or expanding an existing operation, forecast the impact of changes in your menu, prices, decor or concept, anticipate and resolve problems that threaten sales, growth or profit. *Fee: $295 NRA members and $325 non-members.*
- **Management Recruitment and Selection** — two days — Saturday, May 22 and Sunday, May 23 — this seminar provides a practical, step-by-step approach to the "art and science" of obtaining top-notch management talent. This is a must if you are an owner, executive or division head without formal personnel training. Also recommended as a refresher and update for personnel professionals. *Fee: $295 NRA members and $325 non-members.*

Coke
NRA MEMBERSHIP
WORTH ITS WEIGHT IN GOLD
WE WANT YOU
KRAFT
DESIGN EXPOSITION



Schedule of seminars, mee

Saturday, May 22

10:30 a.m. - 5:00 p.m.
Dealer/supplier/press preview

8:00 a.m.
Registration for one and two-day seminars

9:00 a.m. - 5:00 p.m.
Seminars with one hour lunch break

One-day seminars
- How to Evaluate and Select Computers
- Budget and Profit for Restaurant Operators
- Controlling Food Costs
- Menu Development

First day of two-day seminars
Continued on Sunday, May 23
- Operations Analysis
- Real Estate and Site Selection
- Restaurant Design/Facilities Planning
- Marketing for Profit
- How to Turn Your Restaurant Business into a Private Tax Shelter, *1½ days*
- Management Recruiting and Selection
- Hiring Hourly Employees
- Off-Premise Catering

2:00 p.m. - 5:00 p.m.
Members with NRA badge allowed on floor

4:00 p.m. - 8:00 p.m.
NRA TV Today! Tune in on your hotel TV

Sunday, May 23

7:00 a.m. - 11:00 a.m.
NRA TV Today! Tune in on your hotel TV

9:30 a.m. - 5:00 p.m.
Exhibit floor open

9:30 a.m. - 5:00 p.m.
Culinary Art Salon

9:00 a.m. - 5:00 p.m.
Seminars with one hour lunch break
Second day of two-day seminars
- Operations Analysis
- Real Estate and Site Selection
- Restaurant Design/Facilities Planning
- Marketing for Profit
- How to Turn Your Restaurant Business into a Private Tax Shelter, *ends at 12:00 noon*
- Management Recruiting and Selection
- Hiring Hourly Employees
- Off-Premise Catering

2:00 p.m.
Show Opening Day Program with Paul Harvey, Walter Conti and The Phantom Regiment

4:00 p.m. - 7:00 p.m.
NRA TV Today! Tune in on your hotel TV

Monday, May 24

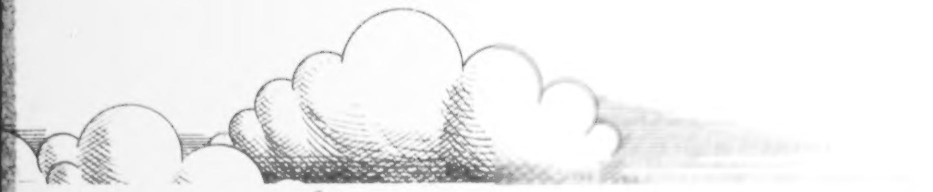
7:00 a.m. - 10:00 a.m.
NRA TV Today! Tune in on your hotel TV

9:30 a.m. - 5:00 p.m.
Exhibit floor open

Twelfth Annual NRA Culinary Salon and Hot Food Competition

10:30 a.m. - 12:00 noon
The NRA Management Clinic
- Managing Labor Costs Part I — Ted Thelander and panel
- Your People and Drug Abuse — Dr. Baker Bokorney
- Supervisory Attitudes in Drug Abuse — John Bilon and Dr. Jackson Ramsey
- Successful Wine Merchandising by the Bottle — panel
- Lew Forrest on Task Analysis

The NRA theater series for 1982
- John Callaway — Fast Food Marketing Symposium



ings and special programs

- Kim Woods — "What You Are Isn't Necessarily What You Will Be"
- Herb Cohen — "You Can Negotiate Anything"

NRA Exclusive

- Parkinson's Laws — C. Northcote Parkinson

2:00 p.m. - 3:30 p.m.

NRA membership meeting with George Will

The NRA Management Clinic

- Managing Labor Costs Part II — Ted Thelander and panel
- Food Purchasing in Today's Economy — Dr. Lendal Kotschevar
- School Foodservice Shop Talk — Pat Bayer and panel
- Student-Industry Idea Exchange
- Seafood Consumption in Restaurants, results of research — Lee Weddig

4:00 a.m. - 7:00 p.m.

NRA TV Today! Tune in on your hotel TV

Tuesday, May 25

7:00 a.m. - 10:00 a.m.

NRA TV Today! Tune in on your hotel TV

9:30 a.m. - 5:00 p.m.

Exhibit floor open

NRA Culinary Hot Food Competition

10:30 a.m. - 12:00 noon

The NRA Management Clinic

- Wareham on Hiring and Firing — John Wareham
- Essential Insurance Coverage — Hank Laskin
- How to Update Your Food and Beverage Operation — Charles Levinson
- "Coffee Shops and [illegible]" — A Panel Shop Talk
- The Legal Eagle Speaks — Clyde Griffith

The NRA Theater Series for 1982

- Art Holst, Part I — "How to Solve Your 3rd Down, 4-to-Go Problems"
- Parkinson on Hospitality — C. Northcote Parkinson

2:00 p.m. - 3:00 p.m.

The NRA Management Clinic

- Wareham on Hiring and Firing Part II
- When the Bloom is off the Rose — panel presentation
- Let There be Light! — Frank Lagiusa
- Business and Industry Foodservice Shop Talk — Phillip Cooke
- Special Wine Program — David Armanasco
- Women Networking in Foodservice — panel discussion

The NRA Theater series for 1982

- George Lang — Travel and Leisure Columnist
- Art Holst, Part II, "How to Solve Your 3rd Down, 4-to-Go Problems"
- Dining Out — Chicago Style — Audiovisual presentation and restaurant operator panel, moderator Jane Lueloff

Wednesday, May 26

9:30 a.m. - 3:00 p.m.

Exhibit floor open

10:30 a.m. - 12:00 noon

The NRA Management Clinic

- Triple Play for Trainers — Series of three programs on training

The NRA Theater Series for 1982

- The First Annual NRA Saloon — Keeping Shop Talk — Michael O'Neal moderates panel
- Round and Round Again with Michael Hurst and Don Smith

NRA
REGISTRATION
Budweiser
MANAGEMENT
CLINIC
Culinary Art Salon
ALMOST PERFECT KITCHEN

Chefs prepare for first Hot Food Competition

Chefs from across the country will put NRA's Almost Perfect Kitchen to the test as they compete at the 1982 Show in the first Hot Food Competition approved by the American Culinary Federation.

"This competition will be unique," according to Ted Balestreri, chairman of the NRA Show. "Traditional competition has been in the fancy work of cold food preparation. But, this competition will judge hot food entries only."

"For this reason, we plan to see a lot of new faces and ideas. Chefs who have previously not taken part in the culinary olympics or other traditional rivalries, because they are not interested in the cold food culinary art, are gearing up for this competition," explained Balestreri.

After you have watched chefs preparing their entries, walk around the corner where judges will be testing. Chicago restaurants are providing table set ups for judges at the competition. Gathered in one location, you will see actual set ups from some of Chicago's finest restaurants.

You can negotiate anything

The best-selling author of "You Can Negotiate Anything" demonstrates how power, time and information are crucial in solving conflicts anytime, anywhere. Learn how to deal effectively and get what you want from your boss, your employees, your wife, your husband, your friends and, most important, the auto mechanic. Herb Cohen's powerful performance will convince you that you can win them all! Monday, May 24, 10:30 a.m.-12:00 noon.

Luncheon to honor Hennessy award winners

"You're in the Army now, you're in the Army now. . . ." One of the things recruits used to dread the most about military life was the food. Well, that's not true anymore. Military kitchens have made a big turn around in the last decade.

NRA even honors Air Force food facilities for their excellence with the John L. Hennessy award. This award will be presented for the 26th year by NRA at the Chicago Marriott Hotel on Saturday, May 22, at 11:30 a.m. The two Hennessy winners — single unit and multiple unit — were notified this month.

The 1982 evaluation team for the Hennessy award includes NRA Director Michael O'Neal, The Ginger Man Group, New York, NY, NRA Past President Martin L. Horn, Jr., The Horn Family Restaurants, West Orange, NJ; Edward Manley, (Broward County Hospital, Fort Lauderdale, FL) representing the International Food Service Executives Association, and Richard Ysmael (Motorola, Inc., Schaumburg, IL) representing the Society for Foodservice Management, Inc.

Four star General Thomas M. Ryan, Jr., commander of Air Training Command, will be the keynote speaker and the Chanute Air Force Band will provide spirited musical entertainment to the event.

Tickets are available to attend this prestigious affair at $25 each. Send reservation checks payable to National Restaurant Association to the attention of Ruth K. Tracy, NRA Hennessy coordinator, 311 First Street, N.W., Washington, DC 20001.

Heri
Cook B
FOOD
AND BEVER
OPERATI
The Professional
FOOD SERVICE MARKETING & PROMOTION
Winning Sandwiches for Menu Makers

Best buys on books offered at NRA Show

NRA's educational materials center plans special savings on its entire stock of publications during the Show. Probably one of the most complete bookstores of foodservice publications, NRA will have on hand samples of its inventory.

Plan to visit the booth on the expo floor as soon as you get to the Show and before the best buys get away. There are a limited quantity of some books and all must be sold on a first-come, first-served basis. They will be mailed to you from NRA offices in Washington, DC.

Kitchen design expo brings together top industry talent

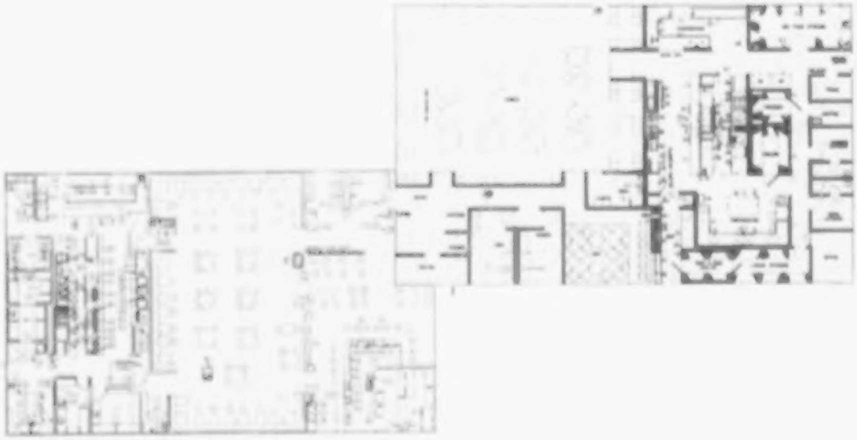
Ready to redesign your restaurant or build a new one? Where to begin? — usually with a designer. But, if you are like a lot of independent restaurateurs, cooking and management are your strong points and you're just a little intimidated by all the unknowns of design.

We've got the answer. NRA is sponsoring an invitational design exposition at the Show in conjunction with the Foodservice Society Consultants International (FSCI). Outstanding designers from across the country have been asked to design a restaurant floor plan from the dining room to the kitchen. Their results will be displayed at the Show.

Each designer invited to participate in the expo was given the same floor space and specifications to work from. Their final entries, which are startlingly diverse, will surprise you.

Restaurant designs are divided into four categories — seafood restaurants with liquor, steak speciality with liquor, gourmet restaurant with liquor and coffee shops. Designers were requested to develop their plans with productivity, energy efficiency, space utilization and minimized equipment and installation costs as key criteria.

The design expo will be located on the Concourse level of McCormick Place surrounding the Almost Perfect Kitchen.



Grand Banquet

AT THE 63rd ANNUAL NRA RESTAURANT, HOTEL-MOTEL SHOW, CHICAGO, ILLINOIS

Grand Ballroom • Chicago Marriott • Tuesday, May 25, 1982
Reception: 7:00 P.M. • Dinner: 8:00 P.M.
Dancing, music, and show are all included.

Featuring:

DOC SEVERINSEN IN CONCERT

Special Guest Star:

FLIP WILSON

Order Your Tickets Today—See Order Form On Reverse

NRA membership booth — your key to the future

We want you to visit the NRA booth and discover all the new and exciting programs NRA has to offer.

The educational materials department will display hundreds of book titles in management, personnel training, food preparation, wines and liquors, design, equipment and menu planning. Membership discounts are available, plus many new titles have recently been added.

Clyde Griffith, NRA's expert legal eagle is back by popular demand to speak with interested members on various operational situations requiring legal counsel. He will also autograph his best-selling book, "The Legal Problem Solver."

The membership department is offering a special "Dream Vacation" raffle for NRA members. This "members only" contest can be entered by simply filling out an entry card at the NRA booth. The winner and a guest will spend two nights in each of these five cities — New York, Boston, New Orleans, San Francisco and Chicago. Complimentary dinner has been arranged at the cities' finest restaurants.

The winner will be announced at an exclusive members-only reception following the annual membership meeting on Monday, May 24.

What you are isn't necessarily what you will be

Huh? Have you ever wondered why people in your operation behave the way they do? And better yet — why you react to them the way you do? It's a circle of wasted energy that can be saved, according to Kim Woods of Morris Massey Associates.

Woods will explain the fundamentals of smooth employer-employee relations during her presentation at the Show, Monday, May 24, 10:30 a.m.-12:00 noon. She will demonstrate how emotions, personal events and interactions can be turned into productivity. Woods' program is a sequel to Dr. Massey's successful session of two years go.

Grand Banquet Tickets

If you have any questions call PHIL KRALOVEC (312) 787-2525

NRA Grand Banquet includes:

- cocktail reception
- music at reception
- multi-course gourmet dinner
- wine at dinner
- fabulous Las Vegas-type show
- continuous music and dancing
- tax and all gratuities included all for only $75.00 per ticket

Mail ________ Tickets To:

Name ________________ Phone ________

Company ________________

Address ________________

City ________________ State ________ Zip ________

Three ways to purchase: $75.00 per person

1. I have enclosed my check in the amount of $________ (Make check payable to National Restaurant Association.)
2. Please charge to credit card indicated:
   ☐ American Express ☐ MasterCard ☐ Diners Club ☐ VISA

Credit Card No. ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐

Interbank No. (Located Above Your Name) ☐☐☐☐ Expiration Date month ☐ year ☐

____
Signature

3. Company purchase order attached.

Return To: **National Restaurant Association, P. O. Box 92558, Chicago, IL 60675**

NATIONAL RESTAURANT ASSOCIATION

The National Restaurant Association

in cooperation with

The American Culinary Federation
The Chefs of Cuisine Association of Chicago
The Executive Chefs of Illinois

ANNOUNCES...
THE CULINARY EVENTS OF 1982!!

The *"12th Annual"*

CULINARY ARTS SALON
Cold Food Competition

May 22-24

AND

The *"First Ever" ACF Approved*

Hot Food Competition

May 23-26

to be judged in accordance with the ACF CULINARY OLYMPIC TRYOUT GUIDELINES...

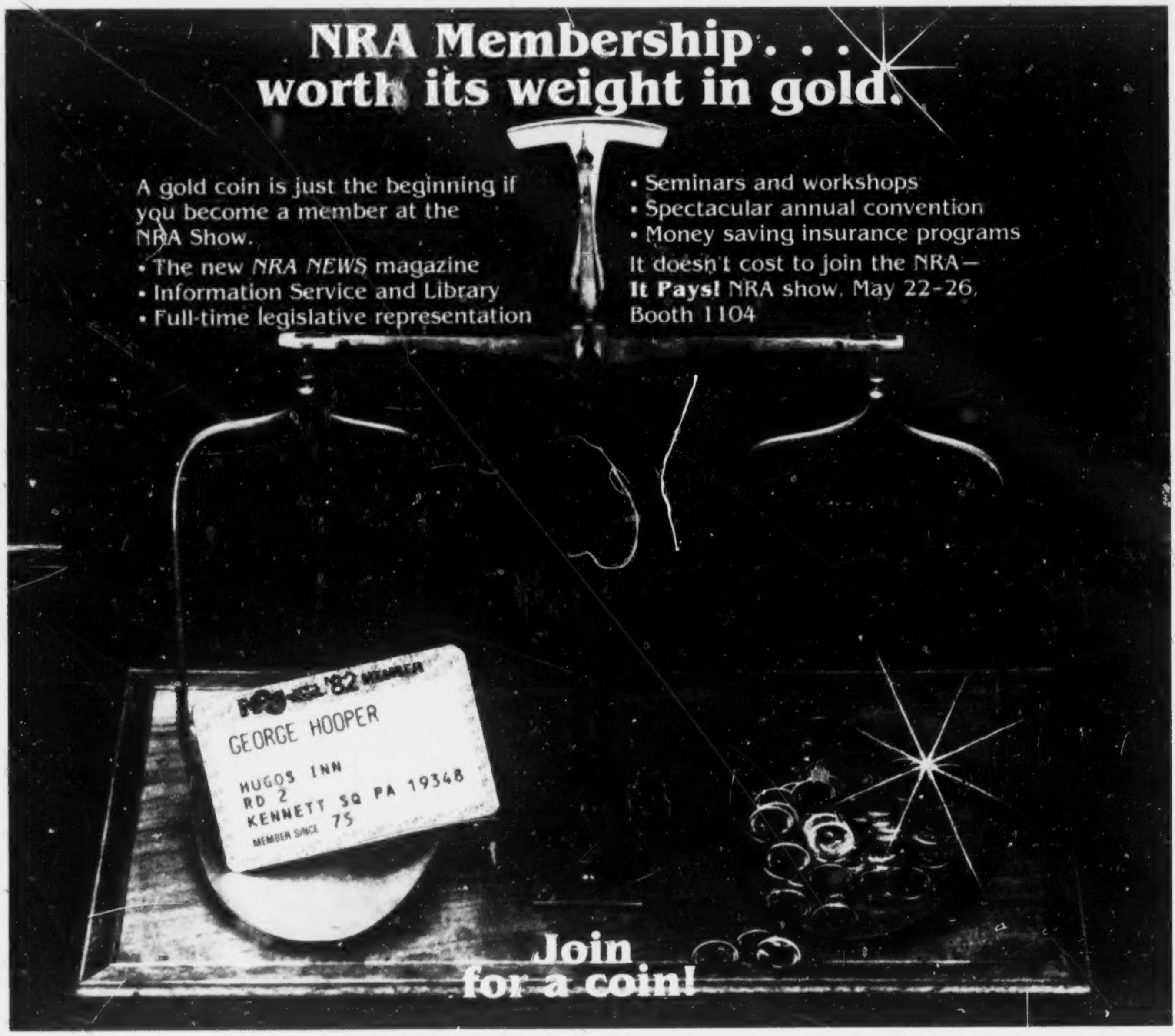
For additional information, contact the NRA Culinary Salon Headquarters, Denise Minchella, (312) 787-2525.

These events will be held in conjunction with the 63rd Annual Restaurant, Hotel & Motel Show.

McCormick Place • Chicago, Illinois

Taste of America Raffle for NRA Members

A restaurateur's
dream trip: Visit the
restaurant capitals
of the USA
- **5 fantastic cities,**
10 exciting nights—
New York,
New Orleans,
Boston,
Chicago,
San Francisco
- The airfare and
accommodations
provided by TWA
and Hyatt Hotels



NRA Membership . . .
worth its weight in gold.

A gold coin is just the beginning if you become a member at the NRA Show.

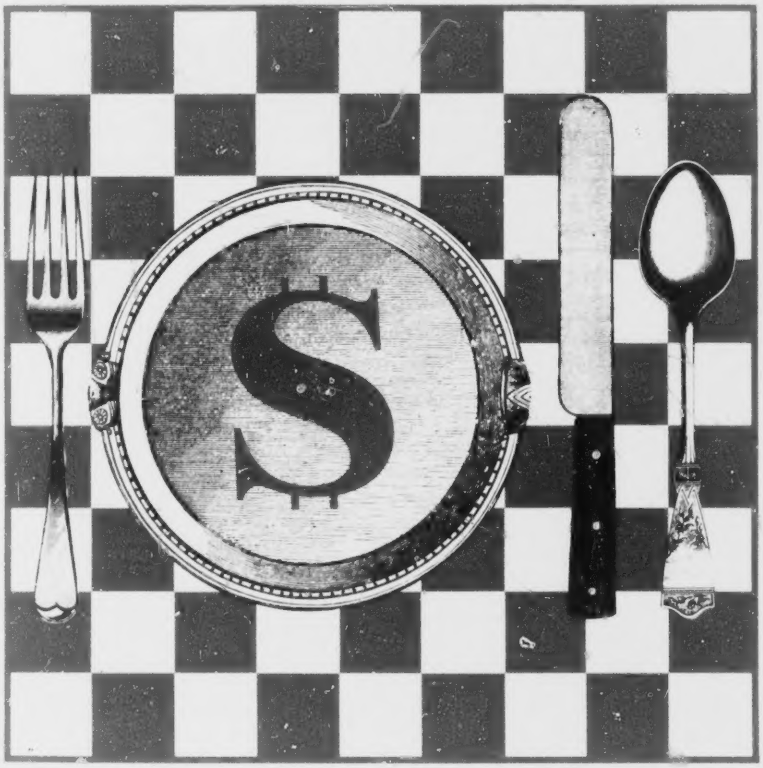
- The new *NRA NEWS* magazine
- Information Service and Library
- Full-time legislative representation
- Seminars and workshops
- Spectacular annual convention
- Money saving insurance programs

It doesn't cost to join the NRA—
It Pays! NRA show, May 22-26,
Booth 1104

NRA '82 MEMBER
GEORGE HOOPER
HUGOS INN
RD 2
KENNETT SQ PA 19348
MEMBER SINCE 75

Join for a coin!

THE LAW



Labor Department clarifies meal credit position

At the urging of NRA and in partial response to the muddled pattern of enforcement concerning the meal credit (see Jan. *NRA News*), the U.S. Department of Labor (DOL) has clarified one aspect of its enforcement position on the meal credit. In a February 24 letter to NRA, DOL reaffirmed its position that employee participation in a meal credit plan must be completely voluntary (and cannot be a condition of employment), but the letter also authorized employers to set some time limitations on employees wishing to be added to the meal plan or dropped.

Employers must set up time periods. . .

The Labor Department will now allow employers to establish a regular period of time, not to exceed three months, during which employees must stand by their choice of participation or non-participation in the plan. Employees could change their minds about participation only at the end of each three-month period. They could not, as some compliance officers have held, opt in or out on a week-by-week or meal-by-meal basis. Employees themselves have to take the initiative if they wish to change their status when the three-month period expires.

EMPLOYEE
MEAL
CREDIT

The DOL letter reads. . .

"In order to assure the acceptance of the meal credit is truly voluntary on the part of employees, all employees for whom a meal credit is available must be given the option to have meals count towards their wages or not, as each one freely chooses. (For this reason, acceptance of a meal credit cannot be made a condition of employment.) Some of those employees who opt for the meal credit may decide at a later time that they no longer want to be part of such an arrangement. Where this occurs, they must be able to opt out of the meal plan and to receive the full minimum wage in cash. An employer may establish a regular period of time for which an employee may "opt in" or "opt out" of participation in a meal credit plan. Such a period could be up to three months in duration. The effective date of an employee's election of "opt in" or "opt out" of participation in a meal credit plan could be the first day of each established period. For example, were an employer to use a calendar quarter to determine the "opt in" or "opt out" period, he or she could announce that during a certain period of time the employee must specify his or her decision for the next quarter. However, it would not be necessary for employees currently in or out of a meal credit plan to reaffirm their intention to maintain their status with respect to the plan during each such period."

The Labor Department also reminds employers that they must still maintain for each employee records of dates, amounts and nature of all deductions from the minimum wage, including meal credit.

Copies of the complete letter are available from the NRA legal department.

FOODSERVICE TRENDS

NRA survey reveals executive compensation data

Staying competitive means that restaurateurs must keep abreast of the latest developments in executive compensation. To hire and retain the most qualified management personnel, the restaurateur needs to put together an attractive compensation package that compares favorably with others.

The National Restaurant Association's nationwide study of executive compensation in foodservice, conducted in cooperation with Laventhol & Horwath, contains a wealth of information regarding base salary, bonus and/or incentives, profit sharing and other benefits for 29 executive and managerial positions. The 1981 survey provides a basis for restaurateurs to compare their own compensation policies and practices with those of companies having similar characteristics.

Base salary for CEOs — $50,000. . .

- The median base salary for chief executive officers is $50,000. The median salaries range from $45,000 for independent operators to $71,000 for chain organizations.
- The median cost of benefits for CEOs is $10,000.
- Among nine vice presidential positions, median base salaries range from $35,000 for vice president/general counsel to $47,000 for vice presidents of finance and franchises.
- The median base salary is $30,000 for treasurers and $26,000 for controllers.

Unit level salaries. . .

- Among nine unit-level positions, median base salaries range from $8,000 for head waiter, a tipped position, to $23,000 for executive chef.
- The median base salary for 6,726 unit managers surveyed is $17,844. This figure ranges from a low of $12,536 at coffee shops to $23,853 at full-menu table service restaurants.
- The base median for management trainees is $13,013.

Benefit packages improve. . .

- The proportion of companies providing all perquisites increased between 1978 and 1981.
- The number of companies offering a dental plan nearly doubled.

Can you afford industry's top executives?

- Although a relatively small proportion of companies offer deferred compensation, the number increased dramatically between 1978 and 1981.

Detailed compensation information available. . .

Compensation information for each executive position is available by type of organization, ownership, type of restaurant, geographic scope of operations and sales volume.

Executive Compensation and Benefits in the Foodservice Industry is available from NRA's educational materials center. The cost is $12.50 for members, and $25 for nonmembers. Please specify order number CS-155.

Consumer attitudes about restaurant promotions revealed in new NRA study

Restaurateurs have been offering promotions and incentives over the past several years as a means to increase customer traffic. Many operators may have wondered how consumers feel about using restaurant promotions. NRA's latest consumer attitude and behavior study, Reactions to and Use of Restaurant Promotions by Consumers*, *contains information which can help operators.*

The following article presents a brief summary of attitudes toward restaurant incentives which may be beneficial in helping restaurateurs design advertising copy for their promotional offers. The full report contains more detailed information on these attitudes by demographic characteristics, such as age, sex, household income and household size. In addition, data on who uses various types of incentives, likelihood of use of specific promotions and whether or not promotions attract new and repeat business can be found in this new publication.

Consumers react favorably to restaurant promotions. . .

The majority of respondents indicated that they go to a restaurant because of the food and not because of any incentives or promotions. Seven out of 10 agreed with this statement versus only about one out of 20 who disagreed with it. Although consumers go to restaurants because of the food, most would not like to see restaurants do away with all promotions. Half (49.5 percent) disagreed with the statement, "I would like to see restaurants do away with all incentive/promotional activities," compared with 10.7 percent who agreed with it and 30.2 percent who had no opinion.

Restaurateurs may want to stress the quality and variety of the food at their restaurants when advertising a promotional offer since food is important to consumers when choosing a restaurant.

The majority of consumers consider restaurant promotions and incentives to be good values and believe that promotions can reduce the cost of eating out. Fifty-five percent agreed with the statement, "Incentives/promotions offered by restaurants are usually good values." Less than 10 percent disagreed with it. In addition, 52.7 percent feel that restaurant incentives can reduce the cost of eating out, compared with 16 percent who do not believe this statement. One-fourth of the respondents reported that without restaurant incentives they would not be able to eat out as often. On the other hand, 45.1 percent indicated that promotions have nothing to do with their ability to eat out.

Over one-third of the people surveyed indicated that promotions encourage them to try new restaurants, while 29 percent said that promotions do not get them to try a new restaurant.

**Those wishing to purchase this study can contact NRA's educational materials department. Members should specify order number CS-700, and non-members should specify CS-701 when ordering.*

Consumer attitudes about restaurant promotions and incentives

	percent of respondents		
Attitudinal statement	**agree**	**neither agree nor disagree**	**disagree**
I go to restaurants because of the food, not because of any incentives/promotions.	**70.1%**	**14.8%**	**5.9%**
Incentives/promotions offered by restaurants are usually good values.	**54.8**	**26.1**	**9.8**
I feel restaurant incentives/promotions reduce the cost of eating out.	**52.7**	**22.6**	**16.0**
More restaurant incentives/promotions should be directed toward adults.	**40.2**	**42.1**	**8.3**
Incentives/promotions encourage me to try new restaurants.	**37.2**	**24.3**	**29.0**
I am taking advantage of restaurant incentives/promotions more often now than in the past.	**34.6**	**21.0**	**34.8**
Without restaurant incentives/promotions, I would not be able to eat out as often as I do.	**25.2**	**21.9**	**45.1**
I would like to see restaurants do away with all incentive/promotional activities.	**10.7**	**30.2**	**49.5**

Note: Totals will not add to 100 percent because non-responses are not included.

Source: Reactions to and use of Restaurant Promotions by Consumers, National Restaurant Association, March 1982

Eating out varies by demographic characteristics

The National Restaurant Association commissioned National Family Opinion, Inc. (NFO) to conduct a survey on consumer reactions to and use of restaurant promotions. In that survey, which was conducted in April and May of 1981, individuals were asked how many times they had eaten at a restaurant or fast food place or had eaten food ordered from a take out restaurant during the past two weeks.

Analysis of the data revealed the incidence of eating out varies by demographic characteristics, such as age, sex, income, family size, female employment and region of the country. Analysis of this data may help restaurateurs determine who their frequent patrons are, as well as where to focus their advertising dollars. Results of this survey question are highlighted in the following report.

Most people eat out at least once. . .

- Seventy-five percent of the individuals surveyed reported they had visited a restaurant or eaten food ordered from a take out restaurant at least once in the past two weeks.
- The largest proportion of respondents — 34.9 percent — stated they had eaten out once or twice during the 14-day period, and 29.4 percent indicated they had eaten out three to six times. Almost eleven percent of the individuals said they had eaten out seven or more times during the past two weeks. Eighteen percent had not visited a restaurant at all during this period.

People age 18 to 24 are frequent patrons. . .

- People age 18 to 24 tend to eat out more frequently. Four out of 10 reported they had eaten out three to six times in the past two weeks, and 15.7 percent stated they had eaten out seven or more times.
- Nearly 35 percent of the individuals age 25 to 34 reported dining out three to six times during the 14-day period, and 10.2 percent said they had eaten out seven or more times during this period.
- The largest proportion of respondents age 35 and over indicated they had visited a restaurant or eaten food ordered from a take out restaurant only once or twice during the past two weeks. In addition, a large proportion of those 35-44 — 14.4 percent — and those 45-54 — 13.6 percent — ate out seven or more times.
- Senior citizens are infrequent restaurant patrons. Approximately 25 percent of the individuals age 65 and over had not visited a restaurant or eaten food ordered from a take out restaurant in the past two weeks. One-third reported eating out only once or twice.
- Forty-four percent of children under 12 indicated they had eaten out only once or twice in the two-week period, and 23.6 percent reported they had not visited a restaurant at all in the past two weeks.

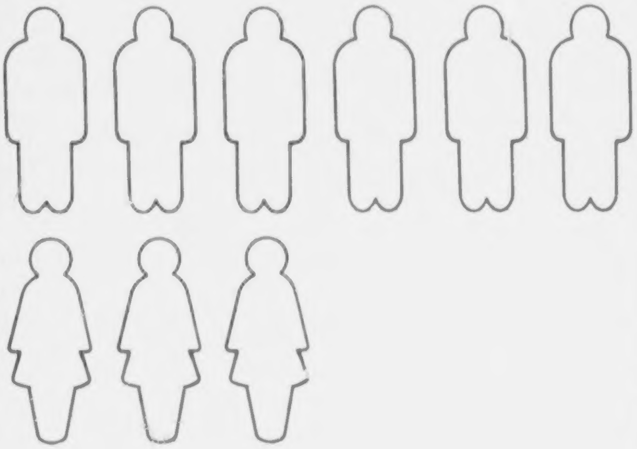
Frequency of eating out by age group*

	12 and under	**13-17**	**18-24**	**25-34**	**35-44**	**45-54**	**55-64**	**65 and over**
Did not eat out	23.6%	16.7%	10.8%	18.1%	11.6%	16.0%	19.4%	23.2%
1-2 times	43.9	37.5	24.7	33.2	41.2	35.7	33.6	32.3
3-6 times	26.4	35.4	39.8	34.5	30.8	27.9	26.5	21.2
7 or more times	0.7	6.2	15.7	10.2	14.4	13.6	11.3	8.1

*For two-week period

Note: Totals may not add to 100 percent because of rounding and exclusion of non-responses.

Source: National Restaurant Association, research and information services department



Men dine out more often than women...

- Fourteen percent of the male respondents stated they had eaten away from home seven or more times during the two-week period, compared with only 7.7 percent of the females.
- Three-fourths of the women reported they had visited a restaurant or eaten food ordered from a take out establishment in the two-week period, similar to the proportion for men.

Frequency of dining out*

	total respondents	males	females
Did not eat out	18.0%	17.6%	17.0%
1-2 times	34.9	32.4	37.7
3-6 times	29.4	29.3	30.5
7 or more times	10.6	14.1	7.7

*For two-week period

Note: Totals may not add to 100 percent because of rounding and exclusion of non-responses.

Source: National Restaurant Association, research and information services department

People in upper-income category eat out frequently...

- Thirty-two percent of the people from households with an income of $30,000 and over indicated they had eaten out three to six times in the past two weeks, and 14 percent stated they had visited a restaurant seven or more times during this period.
- Twenty-seven percent of the individuals from households earning less than $15,000 reported eating out three to six times in the past two weeks, and only 6.7 percent stated they had done so seven or more times during the 14-day period.
- Lower-income consumers are least likely to visit restaurants. Twenty percent of those from households with an income of less than $15,000 reported they had not eaten away from home during the two-week period, compared with only 15.4 percent for individuals from households earning $30,000 and over.

Frequency of dining out by household income*

	under $15,000	$15,000-$19,999	$20,000-$29,999	$30,000 and over
Did not eat out	20.4%	17.1%	18.3%	15.4%
1-2 times	39.1	34.5	35.7	29.7
3-6 times	27.2	30.9	27.9	32.1
7 or more times	6.7	11.2	11.3	14.1

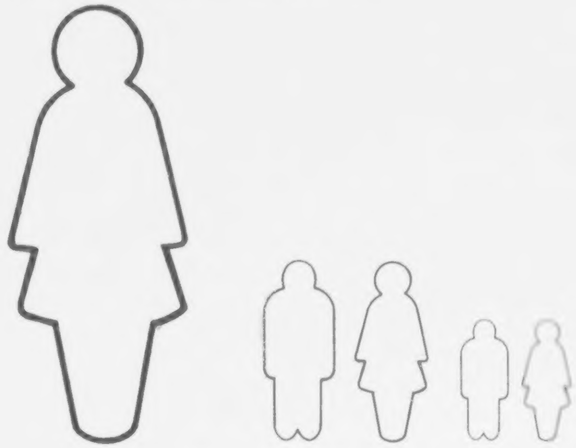
*For two-week period

**Note: Totals may not add to 100 percent because of rounding and exclusion of non-responses.*

Source: National Restaurant Association, research and information services department

Singles have high incidence of dining out...

- Single people dine out more often than married couples with no children and households with children. Almost half of the single respondents said they had eaten away from home three or more times during the two-week period, compared with almost 39 percent of individuals from married couple households with no children and 37 percent of households with children.



- Three out of 10 respondents from one-person households and nearly four out of 10 of those from four-member households reported they had visited a restaurant three to six times in the past two weeks.
- The largest proportion of respondents from other household sizes stated they had eaten out only once or twice during the 14-day period.

Frequency of dining out by family type*

	single	married couple/no children	youngest child under 18	youngest child over 18
Did not eat out	16.9%	20.0%	17.5%	18.1%
1-2 times	27.7	31.6	43.2	28.1
3-6 times	31.9	25.8	28.2	32.1
7 or more times	17.5	12.8	7.4	9.1

*For two-week period

Note: *Totals may not add to 100 percent because of rounding and exclusion of non-responses.*

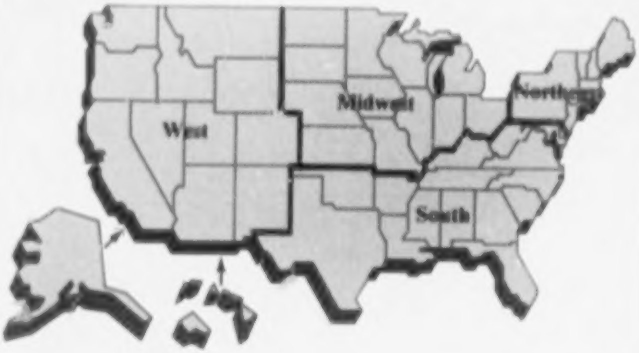
Source: National Restaurant Association, research and information services department

Working women are frequent restaurant patrons. . .

- Three out of 10 individuals from households where a working woman is present reported dining out three to six times during the past two weeks, and one out of 10 indicated they had eaten away from home seven or more times during this period.
- Twenty-nine percent of those from households with a non-working woman stated they had visited a restaurant three to six times in the past two weeks, and 8.9 percent reported they had done so seven or more times.
- Individuals from households where the female head is not employed indicated that 37.5 percent had eaten out only once or twice in the two-week period, compared with 33.4 percent of the respondents with employed female heads-of-households.

Incidence of eating out varies by region of the country. . .

- People in the south eat out more often than those in any other area of the country. The largest proportion of respondents in this region — 34 percent — reported eating out three to six times during the past two weeks. This region also had the largest percentage stating they had visited a restaurant or eaten food from a take out establishment seven or more times during this period.



- Twenty-eight percent of the individuals surveyed in the northeast and midwest regions and 26 percent of those in the west indicated they had eaten away from home three to six times during the two-week period.
- People in the northeast, midwest and west tend to dine out less often than those in the south as almost four out of 10 said they had visited a restaurant only once or twice during the past two weeks compared with about three out of 10 southerners.

Frequency of dining out by region of the U.S.*

	Northeast	Midwest	South	West
Did not eat out	20.2%	17.7%	14.4%	20.7%
1-2 times	35.8	36.4	32.2	35.7
3-6 times	27.7	28.0	34.1	26.0
7 or more times	9.5	9.7	12.5	10.7

*Note: *Totals may not add to 100 percent because of rounding and exclusion of non-responses.*

Source: National Restaurant Association, research and information services department

Menu prices increase in 1981

Menu price increases varied by region and city in 1981, according to NRA's analysis of Bureau of Labor Statistics' Consumer Price Index data. Following the trend nationwide, most areas experienced slower gains in prices for food away from home last year than during the previous two years. Despite this moderation, most regions and cities experienced faster gains in restaurant meal prices than in grocery store food prices during 1981.

Menu prices in midwestern region rise at slower rate...

Restaurant meal prices moderated in three out of four census regions between 1980 and 1981. The exception was the south where prices increased at the 1980 level — 8.9 percent.

Table 1
Percentage increase in food prices by region of the U.S. — 1979–1981

Region	1979/ 1978	1980/ 1979	1981/ 1980
Northeast			
food at home	10.2%	8.1%	7.1%
food away from home	9.9	11.0	10.2
Midwest			
food at home	10.7	7.6	6.8
food away from home	11.6	10.3	8.0
South			
food at home	11.2	8.4	7.6
food away from home	11.8	8.9	8.9
West			
food at home	11.3	7.8	8.0
food away from home	11.3	9.2	8.7
U.S. city average			
food at home	10.8	8.0	7.3
food away from home	11.2	9.9	9.0

Source: Consumer Price Index, Bureau of Labor Statistics

The midwestern region experienced the slowest rise in menu prices last year with a gain of eight percent. This increase compares with rises of 11.6 percent and 10.3 percent in 1979 and 1980, respectively. Prices for food away from home advanced 8.7 percent in the west during 1981. The northeast, with a 10.2 percent gain, outpaced the U.S. average of nine percent.

Prices for food away from home rose faster than those for food at home in all four regions during 1981. The midwest experienced the smallest gain in grocery store food prices of 6.8 percent; the western region had the largest gain of eight percent.

When menu price increases are analyzed by city size within the four regions, we find they are advancing more slowly in cities with populations of 75,000 to 385,000 located in the northeast and midwest — 7.4 percent — than in cities of the same size in the south and the west — 8.2 percent and 9.4 percent. Menu prices in small cities, those with a population of less than 75,000, increased at a double digit pace in three out of the four regions.

Washington menu prices up only 2.4 percent in 1981...

Menu prices in Washington, D.C., advanced at the slowest rate in 1981, compared with the other metropolitan areas surveyed by the Bureau of Labor Statistics. Prices for food away from home rose 4.2 percent in the Washington metropolitan area, considerably below the U.S. average of nine percent. Chicago and Boston also experienced moderate gains in menu prices of 5.4 percent and 6.1 percent, respectively. On the other hand, prices for food away from home advanced at double digit rates in New York, Atlanta, Houston, Philadelphia, Cleveland and Milwaukee.

Generally, menu prices rose at a faster rate than grocery store prices in 1981. However, price increases for food at home outpaced those for food away from home in Chicago, Dallas/Ft. Worth, Denver, Honolulu, St. Louis, Seattle and Washington, DC.

Table 2
Percent change in menu prices by city size
1981

Population size	Northeast	Midwest	South	West
More than 1,250,000	11.0%	7.4%	8.3%	8.4%
385,000–1,250,000	8.2	10.2	9.1	8.0
75,000–385,000	7.4	7.4	8.2	9.4
Less than 75,000	11.3	9.0	11.6	11.1

Source: Consumer Price Index, Bureau of Labor Statistics

Table 3
Percent increase in food prices for standard metropolitan areas — 1979–1981

	1979/1978	1980/1979	1981/1980
Anchorage[2]			
food at home	10.7%	7.1%	2.3%
food away from home	12.8	5.6	8.5
Atlanta[3]			
food at home	10.2	7.7	7.1
food away from home	11.2	8.6	11.7
Baltimore[2]			
food at home	8.9	8.6	5.8
food away from home	10.2	7.2	9.0
Boston[2]			
food at home	11.2	6.6	5.7
food away from home	10.1	8.0	6.1
Buffalo[3]			
food at home	11.8	8.6	8.1
food away from home	6.4	8.3	9.3
Chicago[1]			
food at home	10.5	7.9	6.0
food away from home	11.8	11.3	5.4
Cincinnati[2]			
food at home	11.5	7.9	7.3
food away from home	11.9	9.4	9.4
Cleveland[3]			
food at home	11.1	6.3	8.0
food away from home	9.5	10.3	10.6
Dallas/Ft. Worth[3]			
food at home	11.0	8.7	8.4
food away from home	16.0	10.4	7.4
Denver[2]			
food at home	10.1	2.5	8.7
food away from home	12.2	5.2	7.5
Detroit[1]			
food at home	11.0	9.0	7.8
food away from home	8.6	6.6	7.8
Honolulu[3]			
food at home	15.3	8.6	10.4
food away from home	7.8	7.8	9.2
Houston[3]			
food at home	11.6	8.5	9.0
food away from home	17.8	10.1	11.7
Kansas City[3]			
food at home	10.4	8.6	5.5
food away from home	12.7	8.7	6.8
Los Angeles[1]			
food at home	11.4	9.1	8.0
food away from home	10.5	7.1	8.1
Miami[2]			
food at home	12.7	8.0	7.4
food away from home	13.9	6.5	8.7
Milwaukee[2]			
food at home	11.3	6.0	8.8
food away from home	12.9	7.9	10.1
Minneapolis[3]			
food at home	11.6	6.6	4.3
food away from home	14.0	10.9	8.7
New York[1]			
food at home	9.8	8.2	7.7
food away from home	8.0	11.7	12.3
Philadelphia[1]			
food at home	8.6	7.0	5.9
food away from home	12.7	10.5	11.1
Pittsburgh[3]			
food at home	10.9	7.6	7.3
food away from home	7.5	12.0	8.6
Portland[2]			
food at home	11.7	6.4	7.7
food away from home	14.1	8.4	7.9
St. Louis[2]			
food at home	10.8	6.3	7.8
food away from home	13.0	10.5	6.3
San Diego[2]			
food at home	10.3	9.3	7.2
food away from home	13.6	8.6	7.4
San Francisco[3]			
food at home	12.7	7.2	6.4
food away from home	12.0	7.8	9.2
Seattle[2]			
food at home	8.5	7.4	8.3
food away from home	14.5	8.5	7.9
Washington, D C.[2]			
food at home	12.4	8.5	5.5
food away from home	10.1	5.9	4.2
U.S. city average[1]			
food at home	10.8	8.0	7.3
food away from home	11.2	9.9	9.0

[1] *Price index computed monthly*

[2] *Price index computed bi-monthly, beginning with January*

[3] *Price index computed bi-monthly, beginning with February*

Source: *Consumer Price Index, Bureau of Labor Statistics*

Commodity spotlight — price and availability forecast

Overall wholesale food prices rose 1.6 percent in January from the December level, according to the Bureau of Labor Statistics' All Food, Producer Price Index. However, wholesale food costs for restaurant operators increased at a somewhat faster rate of 2.9 percent during the same one-month period. Higher prices for fresh vegetables, pork, fish and shellfish and sugar contributed to the rise in food costs for restaurant operators in January.

Fruit — Supplies of fresh Florida oranges will decline considerably as a result of the January 11 freeze. Based on conditions on February 1, the U.S. Department of Agriculture (USDA) estimates production will total 136 million boxes — down 16 percent from the January 1 forecast. Substantially higher orange prices can be expected because of the freeze damage in Florida, as well as the smaller California crop.

Juice yield also fell as a result of the freeze; however, USDA predicts supplies of frozen orange concentrate will be adequate to meet market demand because of large carryover stocks and continued large imports from Brazil.

Vegetables — Supplies of fresh vegetables will be smaller this winter because of freeze damage to the Florida crops, as well as a decrease in planted acreage and a delay in the start-up of the Mexican winter vegetable season. Supplies of tomatoes, green peppers, beans, squash and cucumbers will be in comparatively short supply due to freeze damaged crops. As a result, USDA expects prices will continue to advance, however, they will probably remain below the highs reached last winter.

Beef — Beef supplies have tightened in recent months as the cold weather reduced the efficiency of cattle weight gains. USDA estimates supplies will increase, however, as producers bring more cattle to market in the spring. Beef production in the first quarter of 1982 is forecast to increase slightly, up one percent from the same period a year ago, however, USDA expects output will fall to 5.3 billion pounds in the April-June period, down 2.8 percent from a year ago.

Prices for Choice steers at Omaha will average $63 per hundredweight in the first quarter of 1982, up 1.6 percent from $61.99 in the same period a year ago. USDA projects prices will increase slightly to $66 per hundredweight in the second quarter, unchanged from the same three-month period in the prior year.

Pork — Pork production is forecast to decline nine percent in the first quarter of 1982 from the same period in the year earlier. USDA predicts that output will fall in the second quarter as well, down almost eight percent from the same three-month period in 1981.

Hog prices are expected to strengthen in the January-March period, averaging $47 per hundredweight, up 14.3 percent from $41.13 in the same period in the prior year. The cold weather caused problems transporting hogs to market, and, as a result, slaughter declined and put upward pressure on prices. USDA reports that prices will continue stronger in the second quarter as well, averaging $48.50 per hundredweight, up 11.2 percent from $43.63 in the same three-month period in 1981.

Broilers — Broiler production should rise two percent in the first quarter of 1982 from the same period in 1981. However, USDA estimates output will rise only one percent in the second quarter from a year ago. The cold weather adversely affected production at the hatcheries and is a factor contributing to the smaller gain in output projected for the second quarter.

USDA predicts prices will average 44 cents per pound in the first three months of 1982, down 10 percent from 49 cents per pound in the same period in 1981. Prices are forecast to average 46 cents per pound in the April-June quarter, down slightly from 46.7 cents per pound in the same three-month period in the previous year.

Information in this article describes the food situation in early March 1982. Readers should be aware that prices and supplies of many commodities can change rapidly. For the latest information on wholesale food prices and supplies, contact NRA's research and information services department in the Washington office at (202) 638-6100.

Commodity price index

	percent change		
Commodity	**1980-1981**	**Jan. '82 Jan. '81**	**Dec. '81 Jan. '82**
Bakery products	8.3%	5.2%	0.3%
Flour and cereal	-7.0	2.3	0.5
Beef and veal	-5.0	6.5	2.3
Other meats	7.6	7.2	9.7
Pork	**11.4**	**6.4**	**8.2**
Poultry and eggs	2.4	-11.5	-0.3
Poultry	NC	-16.0	1.7
Eggs	9.2	0.7	-4.4
Fish and shellfish	**-1.8**	**7.2**	**4.3**
Sugar and sweets	-2.9	-14.4	2.3
Sugar	**-13.6**	**-23.0**	**3.9**
Vegetables	22.6	11.1	8.7
Fresh vegetables	**27.1**	**8.1**	**12.8**
Fruits and juices	4.1	16.0	-3.5
Fresh fruits	-5.2	18.8	-8.6
Beverages	-2.3	4.4	1.0
Dairy products	6.4	1.0	0.2
Fats and oils	2.1	0.6	-0.4
NRA Food Cost Index	**3.0%**	**0.8%**	**2.9%**
All Food, Producer Price Index[1]	**3.1%**	**-1.4%**	**1.6%**

[1] *Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.*

Sources: Producer Price Index, *Bureau of Labor Statistics;* NRA

Industry index

Sales at eating and drinking places increased a modest 1.1 percent in January 1982 from the same month in 1981. This compares with a faster 5.4 percent advance during December 1981.

Eating place sales advanced 5.9 percent in December from the same period in 1980 for a real sales decline — adjusted for inflation — of 1.3 percent. However, for all of 1981 real sales growth for eating places was one percent. NRA forecast eating places to experience positive real growth of 1.0 percent in 1981, representing the first increase in two years.

Menu prices (Consumer Price Index for food away from home) continued to moderate in January, increasing 6.7 percent from the same month a year ago. This compares with a slightly faster gain of 7.2 percent in the month earlier.

Prices for food at home have been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics Consumer Price Index. Food at home rose only 3.6 percent in January from the same month a year ago, slightly faster than the three percent gain experienced in December. Menu prices are rising at a much slower pace than the overall rate of inflation, however.

Retail sales
(000,000)

	Jan. 1982	Percent change vs. January year ago	Year-to-date sales 1982	Percent change vs. year ago
All retailers	$77,044	−0.4%	$77,044	−0.4%
Eating & drinking places	7,140	1.1	7,140	1.1
Food stores	19,920	3.8	19,920	3.8

Source: Bureau of Census, unadjusted data; subject to revision

Eating place indicators
(000,000)

	Dec. 1981	Percent change vs. year ago	Year-to-date sales	Percent change vs. year ago
Eating place sales	$6,959	5.9%	$83,933	10.0%
Real eating place sales (Dec.)	—	(1.3%)	—	1.0%

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations; subject to revision

Consumer prices

	Percent change vs. January year ago	Percent change 1982 to date vs. year ago	
Food at home	3.6%	3.6%	
Food away from home	6.7	6.7	
All items less food	9.2	9.2	

Source: Bureau of Labor Statistics

Employment and earnings

	Dec. 1981	Percent change vs. year ago
Total employment	4,890,000 employees	+ 3.6%
Non-supervisory employment	4,500,600 employees	3.4
Non-supervisory average hourly earnings	$4.05 per hour	7.1
Average weekly hours	25.7 hours	− 1.2

Source: Bureau of Labor Statistics

BILL OF FARE

A New Twist in Take Out

I'm hungry. I'm tired. I've worked so hard all day. I need dinner. A good dinner. I deserve something really delicious. But the last thing I want to do is stand in line at the grocery store, stand over a stove cooking dinner and stand over the sink washing dishes. I've been away from home all day. I just want to have a relaxing dinner. What's the solution?

How's business? Business is fine. Customers are happy. We have a full house every night. I'd like to expand the restaurant to do even more business and make more money, but I just don't have the space or the capital to do that right now. What's the solution?

The solution to both problems may be a lot simpler than you imagine. Take out service. Why not? It worked wonders for the fast food chains. Fifty-eight million families or 92 percent of all American families visit a take out restaurant at least once a year.

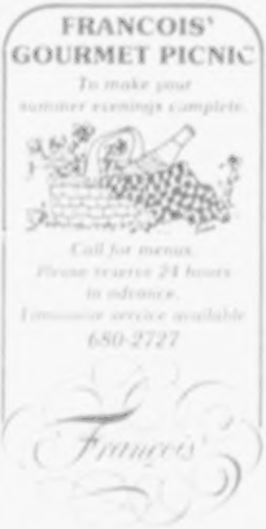
Take out service provides customers with the flavor of your restaurant and the comforts of their own home or wherever they choose to dine. It allows you to keep your sit-down clientele and increase your sales. But best of all you won't even need to enlarge your establishment.

The French-style take out. . .

Francois' is a very French, French restaurant in the Arco Plaza, Los Angeles, CA. Francois' creates a relaxed atmosphere for 150 guests to savor superb French cuisine and fine wines. But Francois' does not limit its clientele to the confines of its decorative walls.

Savoring the season. . .

Charla King, Francois' regional director of public relations and advertising, explained how the restaurant's take out service evolved. "Los Angeles has a very popular Hollywood Bowl season which runs from July 4 to September 11. This is also the time when the Los Angeles Philharmonic conducts outdoor concerts. The crowds always take food — anything from fried chicken in cardboard buckets to elegant dining complete with candles, linen, chafing dishes and flowers. Francois' staff realized that a good number of its regular patrons wouldn't be coming to the restaurant anyway because they would be going to the Hollywood Bowl. And a lot of our guests who normally entertain clients in our restaurant would be taking them to outdoor concerts during the summer season. This realization is what primarily prompted us to offer our gourmet picnic service."



FRANCOIS' GOURMET PICNIC

To make your summer evenings complete.

Call for menus.
Please reserve 24 hours in advance.
Limousine service available
680-2727

Francois'

A gourmet picnic provides the perfect touch. . .

Francois' take out offers three entree selections — each served with marinated fresh vegetables, imported cheese and crackers, sourdough roll, fresh fruit and a French pastry prepared by Francois' own pastry chef. Entree choices include

- sliced New York sirloin with mustard sauce served with sliced smoked salmon with capers and thinly sliced onions
- sliced breast of roast duck with orange glaze served with Proscuitto ham with cornichons or
- poached salmon with mustard sauce and Francois' pate served with cornichons.

Each dinner is packed in individual containers and comes with condiments, utensils, after dinner mints and handy wipes. The dinners cost $16.50 each and are placed in beautiful wicker baskets — a $30.00 deposit is refunded when the basket is returned. If people wish to keep the basket — and many do — they merely forfeit their deposit. The basket can be used over and over again for other Francois' dinners or for any picnic service.

Tailgating in luxury. . .

In keeping with the elegance of the evening, Francois' will provide limousine service for their patrons. "Since we knew where many of our regular customers were, we decided to add a specialized limousine service to meet their needs and increase our sales. And increase our sales it very definitely did. Last year, we sold 1,500 picnic dinners in a 10-week period — 80 in one night alone, but that was a definite peak. If people are entertaining clients, sometimes they will use our limo service to pick up their guests and take them to the Hollywood Bowl. Many times, people want to go, enjoy the show, drink the wine and not worry about driving home. Francois' makes this all possible,'' explained Charla King.

A word of caution — start slowly. . .

Francois' opened in 1973 and first offered its gourmet picnic service in 1978. The first year the take out service was offered, they didn't even advertise. The staff did a mailing to their house account customers announcing that elegant picnic service was available. The second year, they displayed the wicker picnic basket and pictures of the food offerings. Each summer, they increased the publicity.

King explains that coordination between the kitchen and the front people is a crucial factor to the success of the undertaking. ''We have been successful because the kitchen staff has grown better able to handle it every year. The 1,500 take out orders were handled smoothly last year because we had the same people working on it as the year before. A little overtime was involved, but it was not necessary to add even one extra person for this additional business. Now there are staff people, starting in the quiet afternoons of April, preparing containers and packaging condiments and plastic wear to be ready for July. Everything you can have done ahead of time, do,'' advises King.

Exposure spin off. . .

''The gourmet picnic service provided a tremendous vehicle for exposure for Francois','' continues King. Everyone who purchased an order from us is actually a walking advertisement for Francois'. The attractive wicker baskets, with the Francois' label and bright red, white and blue ribbon, are readily distinguishable. It would be hard for others at the Bowl not to notice this.''

Francois' had a good idea when guests ordered the picnic take out — they invited the customers to add their names to a list to be notified of the restaurant's special events. As many as 50 percent of the names were new last year. Now, people who were not former patrons, come into Francois' when they're not at the Bowl and also at other times of the year.

For the future. . .

The changing lifestyles of the American family has made fine take out dining a very lucrative market. There is definitely a need for this kind of dining not only in the summer but all year. Charla King tells us that Francois' is looking into it right now. ''We're working on the preliminary considerations of items that won't lose any of their flavor or crispness when taken out and reheated. Again, we are moving slowly on this. Packaging will also be an important consideration.'' (See a future *NRA News* for article on new packaging.)

Another kind of take out service. . .

The Lido Cafe in Falcon Heights, MN, has been serving authentic homestyle, primarily Italian food for over 25 years. The Labalestra family has served take out in addition to its 150-seating capacity since the day they opened. But two years ago, the family added something new and the Lido Cafe has never seen happier days.

Refrigeration — the way to fulfill customer requests. . .

In the words of John Labalestra, president of Lido Cafe, ''Lifestyles are definitely changing. People want to grab something to eat in a hurry. Women don't have two or three hours to spend preparing dinner because they're at the office, the store, the factory or wherever. The advent of the microwave has led people to rely on a quick meal. But they still want distinctive items. The changing times have altered meal habits, not taste buds.''

In the spirit of going with the flow, the Labalestra's invested in a big upright three-compartment freezer and put it in their lobby which then became their deli. The cost of the freezer, hook up, supplies and minimal marketing material was under $10,000. Sales continue to increase. In 18 months, the freezer paid for itself and sales on an annual basis are in excess of $30,000 for just the frozen deli. Their hot take out is 12 percent of business which is $120,000 a year.

The seven-foot long, seven-foot high freezer took up very little space in the lobby — under two percent — and the frozen deli did not diminish sales of the hot deli at all. ''It's a whole different market, explained Labalestra. ''We didn't need to add any new people but we did extend the shifts of some part-timers and incorporated one part-time worker into a full-time employee.''

take out
Francois'

SELL BY DATE ON PKG.
0 77932 01055 1
REFRIGERATE AFTER OPENING
The Twin Cities Own . . .
Lido
THAT'S QUALITY!
CAFE T.M.
SPAGHETTI SAUCE
100% NATURAL
WITH MUSHROOMS
INGREDIENTS: TOMATOES, WATER, TOMATO PASTE, MUSHROOMS, SUGAR, RICE STARCH, SALT, OLIVE OIL, CITRIC ACID, SPICES, ONION POWDER, BLACK PEPPER, GARLIC POWDER
Dist. By LIDO SAUCEY REVUE & ITALIAN FOOD CO., INC. St. Paul, MN 55113
NET WT. 32 OZ. (2 LB.) 907 g

Lido Cafe's spaghetti sauce is sold in local grocery stores.

Production plans are kept simple. . .

"All we do when preparing food for the deli, which includes such items as Italian chicken vegetable soup, old Boston-style clam chowder soup, minestrone soup, white or red clam sauce, creole sauce, hunter's sauce, barbeque sauces, veal scaliopine, veal parmigiana, chicken cacciatora, baked lasagne with Italian sausage, baked manicotti, uncooked Italian sausage, three different pizzas and cheese and garlic bread, is make a larger quantity of the item we're making anyway and then put it into a bag process and freeze. The quality is unbelievable! Sometimes it surpasses what is served in the restaurant because we use a high quality plastic and freeze it immediately so all of the freshness is sealed in whereas soups and sauces that sit on the steam table for awhile might tend to lose a bit of the fresh quality," said Labalestra.

Use of deli broadens. . .

As patrons stop by the deli for an occassional item, they find their favorites and then purchase them in large amount — anywhere from $10 to $50 at a time. Lasagne, a typical deli item, sells for $2.45 in the deli, $3.25 if heated and, if consumed in the restaurant with salad and bread and butter, $6.95.

Out-of-town sales are very large. And often people having a dinner party in their homes come in the day before and order bulk quantities for their guests. People keep coming back to the Lido because it's a very unique restaurant. You're not going to find their creamy Italian dressing anywhere but at the Lido. The food is all made from scratch and the recipes have been developed and perfected over the 25 years they've been in business. An example of this is the egg yolk they put in their Fettucini Alfredo. Many of even the very elegant tablecloth restaurants stay away from doing this, because that's the hard way. John Labalestra sums it up this way, "We dedicate ourselves to quality and yet offer the food at a reasonable price. We believe,this concentration on quality has been the leading contributing factor to our success."

The deli creates new avenues of expansion. . .

John Labalestra explains that the Lido sells over 100 hot take out units a day and 75 to 100 units a day on the frozen deli, and although he is more than pleased with the increased sales, the thing he is most delighted about is the opportunity his take out service provided him to get into the expansion of other lines.

Lido spaghetti sauce is seen on grocery store shelves. . .

The bottling and packaging of food for people to take home from the deli paved the way for the bottling and packaging of food for people to take home from the supermarket shelves. The 100 percent natural Lido Cafe spaghetti sauce — in 32 ounce jars — can now be purchased at St. Paul-area grocery stores for the suggested retail price of $1.76 a quart. The supermarket proved an excellent way for the Labalestra's to reach a larger market. The Lido Cafe boasts of overwhelming success with this product. The first year alone, they sold 10,000 cases. And in the first five months of the second year, they sold 6,000 cases. The family feels that the "That's quality" byline on their jars succinctly sums up their whole philosophy of using vine-ripened tomatoes, 100 percent imported olive oil and the finest of herbs in their sauce. The Lido Cafe spaghetti sauce is a universal sauce that can also be used for lasagne, chili and other dishes. The family has started putting it into gallon containers for the institutional market.

The Lido Cafe looks to tomorrow. . .

Right now, the 75-member staff at the Lido is beginning to put together a program that markets cases of frozen pizzas directly to the customer at prices competitive with and sometimes below the prices of those sold in the grocery stores. They will market this out of their deli, they have have no plans to bring it into the supermarkets yet. "Again the high quality of the pizza will be the key to its acceptance in the market," said John Labalestra.

Although the Lido Cafe is expanding its take out and deli markets, it's sit-down service is still of the highest quality. The Cafe is meeting the needs and changing trends of consumers in more ways than one. For example, they serve winter hot drink specials like amaretto and apple cider, their desserts include a special spumoni laced with pistachios and they even remember the dieter in all of us with their 500-calorie meal consisting of a five-ounce broiled hamburger patti served with cottage cheese, dry toast and fruit for strong days.

People eat something every single day of their lives — many three or more times a day, most twice, everybody once. Feed them. Find them and feed them. They may be sitting in your restaurant, they may be at their jobs working, they may be in their homes relaxing, or they may be at public places of entertainment having a good time. Wherever. Find them and feed them. That's what you've always wanted to do anyway, right?

TECHNICAL SERVICES

Avoid roofing problems with maintenance

An effective roof maintenance program costs only pennies per square foot. The alternative — a replacement roof — will add up to dollars per square foot.

The first step in examining a roof is to obtain a core sample. An inspection of the core will indicate if there are any potential problems due to low quality materials or faulty original installation.

Do not wait until there is a leak. By then roofing materials may be totally saturated and beyond repair. A twice a year inspection, followed by necessary maintenance, will extend the life of your roof many times over.

Where do you start?...

Since over 80 percent of all roof leaks begin within 12 inches of the perimeter, start by inspecting the flashing or metal edges. Flashing is used to provide a waterproof seal in almost all intersecting surfaces, such as a joint between the roof and wall. Problems occur because flashing joins different materials with different thermal characteristics. For example, expansion during a 100 degree Fahrenheit temperature rise for 10 feet of brick is 1/3 inch, compared to 1/4 inch for 10 feet of felt, 1/8 inch for 10 feet of asphalt and 5/64 for 10 feet of concrete. As these materials all expand and contract at their own rate during seasonal changes, the flashing may open at the joints, and the roof may develop bulges and tears.

Further damage may occur from servicemen who, while working on rooftop equipment, step on or kick the flashing. The vibration caused by refrigeration and air conditioning units on the roof will also contribute to the deterioration of the flashing. Repairs to the flashing areas may be made with the use of a premium-type roof cement, which may be strengthened with a fabric membrane.

Other roofing problems...

When a roof is closed on its perimeter with a metal edge which extends under the roof, splits in the roof may occur at the metal edge joints. Repairs may be made with a mastic roof cement with or without a reinforcing membrane.

The vertical seams of the flashing and edging material must be sealed tightly. The use of an elastomeric material (a compound that expands and contracts without rupturing) applied with a trowel will solve this particular problem.

Besides perimeters, any place where the roof is penetrated by ducts, vents or supports for equipment can be potential problem areas. Application of an elastomeric material in time can inhibit problems.

Blisters are another common roof fault. They are usually traced to improper roof installation in which voids in built-up roofs permit condensation of moisture. Initial application of wet felt or moisture seeping into insulation through breaks in the roof or flashing will cause blisters because the moisture expands as it warms. Blisters themselves will not cause a leak until they are stepped on or penetrated. Blisters can be cut open to permit wet material to dry. The cut can then be repaired with a quality roof cement.

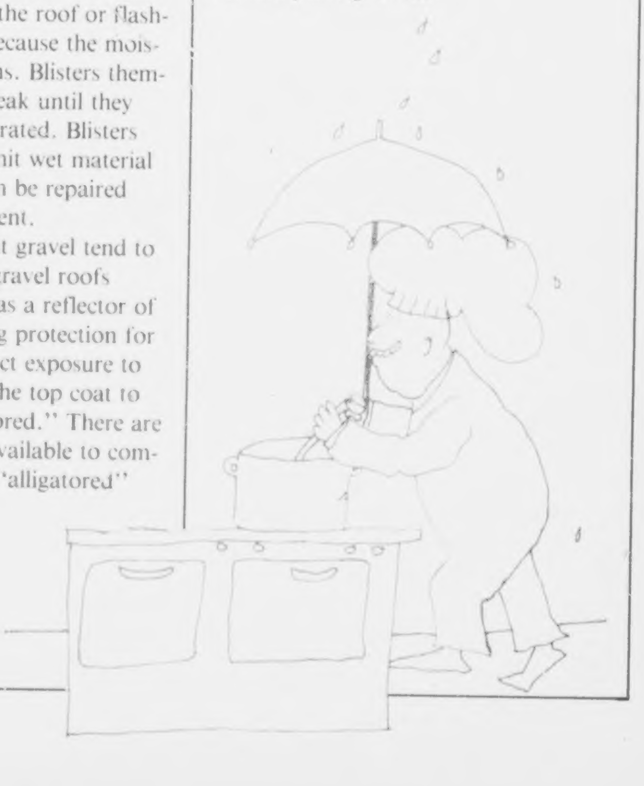
Smooth roofs without gravel tend to deteriorate faster than gravel roofs because the gravel acts as a reflector of the sun's rays, providing protection for the flood coat. The direct exposure to the sun rays will cause the top coat to dry out and be "alligatored." There are a number of products available to complete a new coat on an "alligatored" roof.

Another consideration for a black roof surface is the application of a reflective coating. This will provide protection from the rays of the sun. By reducing the temperature extremes on a roof, the loss of oils can be reduced, and the roof will maintain its resiliency.

Gravel top roofs, although better than smooth roofs, are also subject to drying out. These roofs may be rejuvenated with the application of a penetrating oil. This will give your roof a renewed elasticity and will retain its water tightness.

Some roof problems are evident from the ground. White streaking on brick walls is efflorescence, usually a deposit of salts that has been leached from mortar as moisture moves through it. This is a clear indication of the failure of the roof system, the most likely culprit again being the flashing.

Any program of roof maintenance must include a cleaning program. You should not have to mow a roof. Remove any plant growth and correct conditions, such as ponding, which nurture plant growth.



NRA SEMINAR SCHEDULE

Practical Accounting for Foodservice Managers

Apr. 19	Boston, MA

Food & Beverage Operations Auditing

Jun. 10	Los Angeles, CA

Bar Management

Apr. 26-28	Philadelphia, PA
Jun. 7-9	Washington, DC

Simplified Baking Workshop

Apr. 28	Detroit, MI

Basic Supervision

May 4	Burlington, VT
May 11	Dallas, TX
Jun. 15	Denver, CO
Jun. 17	Las Vegas, NV
Jun. 28	Tampa, FL
Jun. 30	Washington, DC

Budgeting and Profit Planning

May 22	Chicago, IL NRA SHOW

Computers

Apr. 22	Washington, DC
May 22	Chicago, IL NRA SHOW
Jun. 7	Dallas, TX
Jun. 9	Phoenix, AZ

NRA National Conference on Human Resources

June 21-22	Washington, DC

Controlling Food Costs

May 22	Chicago, IL NRA SHOW
Jun. 21	Chicago, IL
Jun. 23	St. Louis, MO

Creative Merchandising Techniques

Apr. 21	Washington, DC
May 6	Newark, NJ
Jun. 24	St. Louis, MO

Dining Room Management

Jun. 7	Hartford, CT
Jun. 9	Rochester, NY

Fish & Seafood

May 17	San Francisco, CA
May 19	Los Angeles, CA
Jun. 15	Detroit, MI
Jun. 17	Milwaukee, WI

Hiring Hourly Employees

Apr. 26	Newport Beach, CA
May 22	Chicago, IL NRA SHOW
Jun. 28	Seattle, WA

Improving Food Production Methods

Apr. 22	Rochester, NY
Apr. 29	Pittsburgh, PA
May 10	Dallas, TX
Jun. 15	Minneapolis, MN
Jun. 21	Honolulu, HI
Jun. 24	Portland, OR

Kitchen Management

Apr. 19	Oklahoma City, OK
Apr. 21	Minneapolis, MN
Apr. 29	Portland, OR
Jun. 7	Chicago, IL
Jun. 22	Boston, MA
Jun. 24	King of Prussia, PA

Management Recruitment and Selection

May 22-23	Chicago, IL NRA SHOW

Market Research

Jun. 14	Houston, TX

Marketing for Profit

May 22-23	Chicago, IL NRA SHOW

Practical Meat Workshop

Apr. 19	Seattle, WA
Apr. 21	Denver, CO
May 4	Atlanta, GA
Jun. 21	Los Angeles, CA
Jun. 23	San Francisco, CA

Menu Development

May 22	Chicago, IL NRA SHOW
Jun. 3	Hyannis, MA

Off-Premise Catering

Apr. 19-20	Tampa, FL
May 22-23	Chicago, IL NRA SHOW

Operational Analysis

May 22-23	Chicago, IL NRA SHOW

Performance Review

Apr. 27	Newport Beach, CA
May 23	Chicago, IL NRA SHOW
Jun. 29	Seattle, WA

Real Estate and Site Selection

May 22-23	Chicago, IL NRA SHOW

Restaurant Design and Facilities Planning

May 22-23	Chicago, IL NRA SHOW
Jun. 1-2	Atlantic, NJ

Soups & Sauces Workshop

Apr. 26	Scottsdale, AZ
Apr. 28	San Diego, CA
May 5	Seattle, WA
Jun. 14	Orlando, FL
Jun. 17	Williamsburg, VA

Super Salads

May 6	Nashville, TN

How to Turn Your Restaurant Business into a Private Tax Shelter

May 22-23	Chicago, IL NRA SHOW

For more information, contact registration secretary, seminar department, NRA Washington office, (202) 638-6100 or (800) 424-5156.

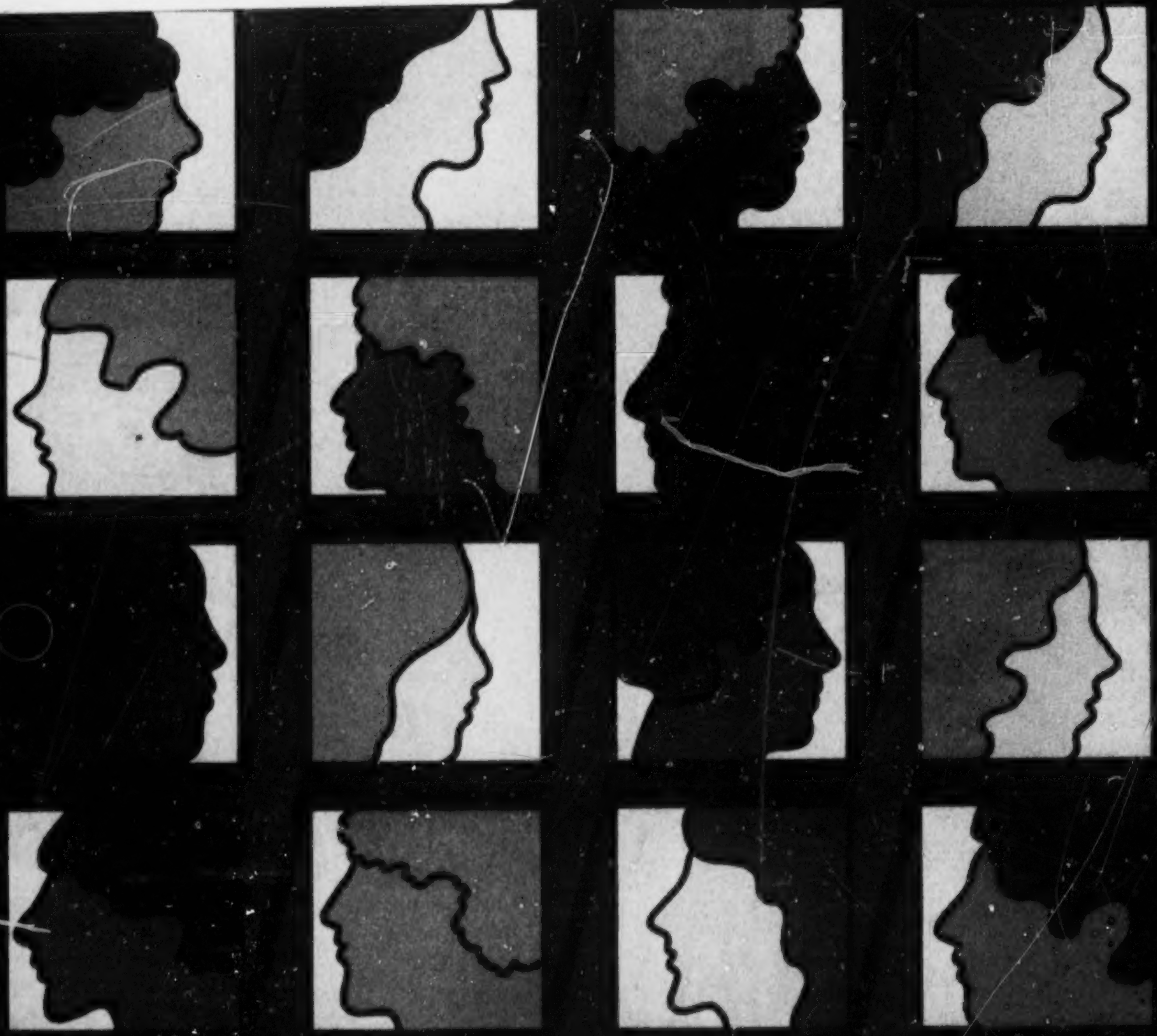
National Restaurant Association

Vol. 2 □ No. 5 □ May 1982

NRA NEWS

5/25/82

-1 A8200-1



PUT HUMAN RESOURCES WHERE IT BELONGS UP FRONT

Meeting the needs of our industry and helping the public

Our industry is in luck because it has brought self-interest and public service together. We are learning to solve our human resource needs by helping people.

Foodservice means opportunity for millions. We are among the largest employers of minority managers. Sixty-six percent of our employees are women and 24 percent are teenagers. We are also the largest employer of the physically handicapped and mentally restored.

By 1990 the number of full-time positions in foodservice will increase by 39.5 percent. Where will we find a sufficient number of qualified people? In a period of high unemployment, this problem could be easily solved. We need only help the public see that foodservice offers exciting careers with rapid advancement. After all, 31 percent of our employees are managers.

NRA works with the government in programs like PWI (Projects With Industry) to help train handicappd people for careers in foodservice. Projects like SMART (Sites Made Available for Restaurant Training) allow foodservice operators to help former drug abusers find meaningful work in our industry.

Individual entrepreneurs have developed model programs to solve human resource problems. Some are working on increasing productivity and employee retention. Others are concentrating on motivation through involvement. These are some of the projects and issues featured in this month's *NRA News.*

And they are some of the topics to be covered at the NRA National Conference on Human Resources scheduled for Washington, DC next month. Sharing ideas about problems and opportunities is what NRA is all about. That is why we are bringing the experts together to talk about human resources on June 21 and 22. Join us then to hear what fellow restaurateurs are doing about employee selection, training, productivity, union activities and the legal problems raised by OSHA, TJTC and illegal aliens. Human resources is the most important topic in our industry. Come join in the discussion.

Sincerely,

Ernie Royal

Chairman,
Human Resources Committee

NRA NEWS

Officers
Chairman of the Board
Walter Conti
Vice Chairman
Jack A. Laughery
Treasurer
John G. Dankos
Chief Staff Officer
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
James A. Collins
Edward O. Elliott
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
Joe R. Lee
Harris O. Machus
Michael O'Neal
William F. Regas
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Executive Editor
Steven J. Dahllof
Editor
Sylvia Rivchun
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Section Editors
Bette B. Hoyt
Jay H. Morris
Staff Contributors
Walter Ashcraft
Joan E. Campbell
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Art Miller
Susan F. Mills
Robert A. Palmer
Tina Packard
Andrew P. Poledor
James T. Rogers
John R. Rolfs
Rachel A. Zachary

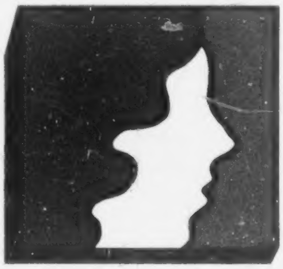
Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600,
Chicago, IL 60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News.* The non-member subscription fee is $125 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright NRA 1982, all rights reserved. Postmaster, send address change to NRA News, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Cover Story



No matter how fresh your ingredients or imaginative your recipes, your restaurant needs conscientious employees to thrive. This month *NRA News* takes a look at some of the exceptional HUMAN RESOURCE programs in the industry. The articles are designed to keep you abreast of new developments and to share proven ideas on training and motivating your staff.

9 Innovative **training program** for ex-drug addicts
11 **Case Report** on ways to build employee loyalty
13 **The Handicapped**: growing resource for food industry
16 Update on **targeted jobs tax credit** *(The Law)*
32 Pointers you can use to **motivate** your staff *(At Your Service)*

Specials

Small Business 3 **Update on Small Business.** Business failures, SBA loan cuts, interview with U.S. Congressman Parren Mitchell *(Washington Report)*
Menu Greats 14 **Winners** in this year's NRA Great Menu Contest

Departments

Short Orders 2 New study indicates **caffeine** may not cause birth defects
Washington Report 6 NRA opposes new bill requiring restaurateurs to keep records on **credit card tips**
7 New year for **NRA Political Action Committee**
The Board Room 8 **Board members** represent industry from coast to coast
State Department 17 States battle with **New Federalism**
Foodservice Trends 19 Customers rate restaurant service
21 Economic conditions affect eating out
23 Population, employment and income projected to 1990
26 Customer traffic up in winter quarter
30 NRA industry index
Hot off the Press 31 **New Books** — new edition of *The Legal Problem Solver*, two books on restaurant accounting and explanation of electronic cash registers

Caffeine effects re-examined

A recent study by researchers at Boston's Brigham and Women's Hospital concludes that caffeine in most cases was not the cause of birth defects, underweight babies, stillbirths or other abnormalities it has been blamed for in earlier studies.

The Boston researchers interviewed more than 12,000 women over three years and reported that smoking appeared to be the culprit in some problems earlier blamed on coffee.

The U.S. Food and Drug Administration (FDA) issued an advisory in 1980 cautioning pregnant women to avoid coffee and other sources of caffeine because of animal and human studies suggesting that caffeine might harm the fetus or affect birth.

The Boston study suggests that the previous studies were too small to be conclusive and did not identify which participant smoked. This is an important omission, because smoking has been known for years to be associated with low birth weight and premature births.

The Brigham team found that there appeared to be a small risk of premature rupture of membranes among women who drank four or more cups of coffee a day during the first three months of pregnancy. But for the most part, infants born to coffee and tea drinkers were just as healthy as those of abstainers.

Women who smoked throughout pregnancy, however, were nearly twice as likely to have underweight infants as non-smoking women, the study said. Smoking mothers-to-be reduced that risk significantly simply by not smoking.

SHORT ORDERS

Notice to readers

NRA's 1980 report on the size, scope and growth of the foodservice industry is not being published at its usual time. Important information needed for calculating these figures will not be available until mid-to-late April. As a result, the full report containing food and drink sales and purchases and numbers of establishments for the 50-plus segments of the industry will appear in the Foodservice Trends section of the combined June/July issue of *NRA News*.

Congressman Campbell meets with NRA finance group

The NRA Financial Officers and Tax Executives Groups met in Washington, DC, March 24–26. Rep. Carroll A. Campbell, Jr. (R-SC), a member of the House Appropriations Committee and a former Burger King franchisee, spoke to the group about Reaganomics and the federal budget process. Noting that nearly three-quarters of the budget is consumed by interest on the federal debt and by payments under various "entitlement" programs, Rep. Campbell expressed his confidence that budget cuts and increased investments brought about by tax reductions will ultimately lead to a balanced budget and the economic predictability necessary for real growth.

The NRA Financial Officers and Tax Executives Groups meet semi-annually to discuss operational and legislative problems in their professional fields.

Special combined issue due out July 1st

The combined June/July issue of the *NRA News* will be published on July 1. The two issues have been combined so that the NRA Show can be covered in-depth, while still giving you the wide variety of articles and news to which you have become accustomed.

Look for the combined June/July issue of *NRA News* during the beginning of July with special coverage of the 1982 Show.

Other features will include an interview on how to import and employ aliens with professor Michael Maggio who practices immigration law in Washington, DC.

Partners for the future

Industry and education objectives mesh

How to mesh industry and education objectives will be the topic of the Foodservice Industry and Education Panel and Curriculum Showcase during the NRA Show. Outstanding foodservice programs from high school, vocational-technical and community colleges will be featured with instructors on hand to discuss their curriculum.

Paul Scott, University of Georgia, will moderate the panel of distinguished educators and foodservice operators which consists of Walter Conti, NRA chairman; Peter Crafts, Minuteman Vocational-Technical Center, Lexington, MA; Nancy Dini, Dini's Sea Grill, Boston, MA; Dr. Gene Bottoms, American Vocational Association, Arlington, VA and Dr. Ray Kavanaugh, Red Lobster Inns of America, Orlando, FL. NRA Director Ernie Royal, Royal's Hearthside, Rutland, VT, will greet attendees.

The session will take place on Tuesday, May 25, from 10:00 a.m. to noon in the Jane Addams Room, McCormick Place, Chicago.

WASHINGTON REPORT

Small Business Update

Government report indicates small business failures up

The economic health of the small business sector has been sorely tested "due to factors over which small business owners have little or no control," according to the first Annual Report on Small Business and Competition, submitted by the Small Business Administration (SBA) to Congress in March.

The 350-page report reveals

- a larger number of small businesses are contributing to a declining share of GNP
- bankruptcies and business failures have risen almost 30 percent in the last two years
- inflation of the past decade has made it difficult for small firms to replace assets and to continue to hold inventories without excessive borrowing and
- high interest rates have exacerbated the risks of borrowing.

Survival threatened. . .

Although small firms continue to generate the largest number of jobs, the report explains, the small firms' share of GNP, even in services, continues to decline. From 1977-79, the number of the smallest establishments — one to four employees — declined by 1.4 percent in almost every major industry, compared to their overall growth of 3.8 percent from 1975-77. The survival of businesses with under five employees is threatened, the report states, especially in retail trade, which experienced a decline of 15 percent from 1977-79 and manufacturing, which experienced a decline of 13 percent from 1977-79.

Bankruptcies, the report says, have hit small businesses the hardest during the last two years. Failure rates reaching 49 percent in construction, 47 percent in services, 41 percent in retail trade, and 32 percent in wholesale trade.

A look at
- **business failures**
- **loan cuts**
- **Rep. Mitchell interview**

According to the report, a firm with 21-50 employees has a 54 percent chance of surviving four years. A firm with less than 20 employees has only a 37 percent chance of surviving four years.

The report blamed the excessive cost of borrowing for the increased small business vulnerability. "Excessive cost of borrowing and reduced availability of funds in a slow economy caused great difficulties to the cash flow position of many small businesses," the report says.

The report attributes small businesses' declining share of GNP to regulatory burdens, which, the report says, hit small businesses harder than larger ones. "In 1963, the small business share of the GNP was 43 percent. By 1976 that share had dropped to 39 percent."

A new law requires the President to report annually on the state of small business and competition. This year's SBA report is the first under the mandate, and it concentrates on setting out the most recent and relevant evidence describing small businesses. It describes changes in the economy and the small business sector and details the impact of federal policy on small business.

President supports free market incentives. . .

In an introduction signed by President Reagan, the report states that fundamental government policy regarding small business should "promote a strong, vibrant, private economy with policies that primarily rely upon free market forces to organize and allocate our economic resources. Economic growth and full employment must be restored while reducing inflation and interest rates, and, at the same time, federal impediments to the free and efficient use of resources must be reduced or eliminated.

"The end result should be an economy characterized by free and open markets giving all of its participants the opportunity to contribute to, and share in, the high and rising standard of living such a system will produce."

Administration seeks to cut guaranteed loans to small business

The Reagan administration has proposed large cuts in the Small Business Administration's (SBA) loan programs, as well as smaller across-the-board cuts in other SBA departments and personnel levels.

The administration would eliminate entirely SBA's controversial direct-loan program and cut by $500 million the agency's guaranteed-loan program. Both programs have often been the last resort for businessmen who want to start an operation but cannot get financing through traditional means.

Small Business Committees vote to restore funds. . .

In March, both the Senate and House Small Business Committees held hearings on the administration's fiscal year 1983 budget request for SBA. After the hearings, both committees voted to restore the funds cut by the administration. The Senate committee voted to restore SBA funding to the fiscal year 1982 levels, while the House committee voted an eight-percent increase in funding for SBA.

The House committee did vote, however, to eliminate the direct-loan program, but it adopted a proposal introduced by Rep. Joseph McDade (R-PA) to transfer SBA's direct lending funds to SBA's Equal Opportunity Loan and Minority Enterprise Small Business Investment Companies (MESBIC) programs.

The Senate and House Small Business Committees' recommendations on SBA funding will become part of their chamber's Budget Committee reports, which will be presented for congressional approval later this year in the form of a budget resolution. A Senate Small Business Committee aide told *NRA News* that he expects SBA's 1983 loan programs to be funded at FY 82 levels.

Templeman explains administration's position...

In hearings before the Senate and House Small Business Committees, then-acting SBA Administrator Donald R. Templeman said that the proposed cuts "should not be viewed as contrary to the best interest of the small business community." Templeman pointed to difficulties associated with establishing "acceptable" loss rates and SBA's "problem of allocation of scarce direct-loan resources among competing interests" in justifying the administration's request for cuts in the loan programs.

Speaking of the direct-loan program, he said, "In a time of budget restraint, those funds leveraged through private sector lenders could provide assistance to a far greater number of businesses, at much lesser cost in terms of the agency resources required to administer the programs. Through increased cooperation with private-sector financial institutions, we hope to still assist those businesses that have a reasonable prospect for success."

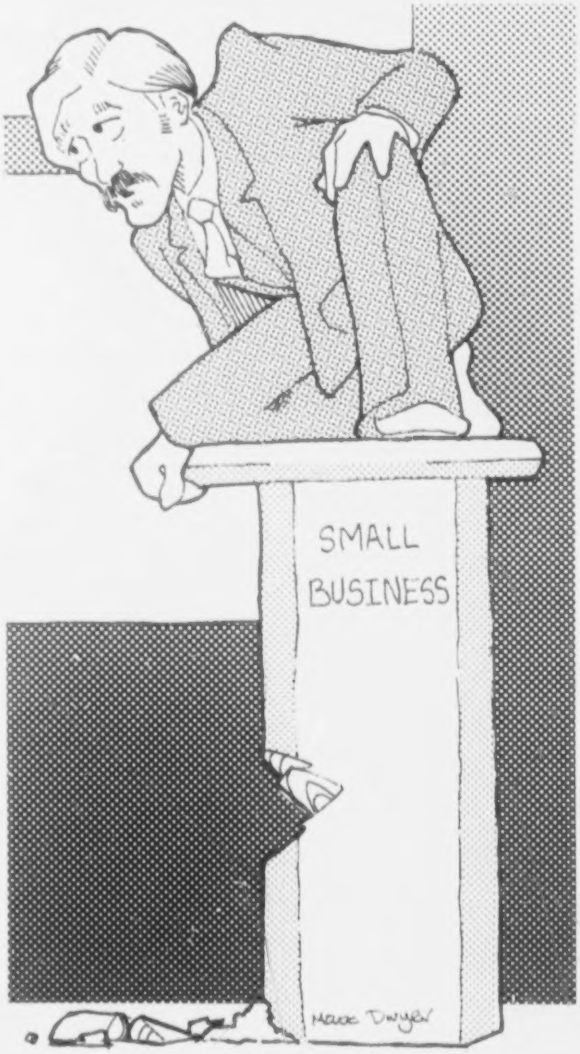
"By eliminating funding for subsidized-direct loans, and thereby eliminating another type of market intervention, SBA can turn its attention to other initiatives," Templeman said. The administration believes that by limiting federal-credit assistance, the amount of available private credit will expand, contributing to a reduction in interest and inflation rates.

Funding would be shifted to disadvantaged individuals...

Those businessmen that truly need loans will get them, according to Templeman. "Seventeen percent (approximately $410 million) of SBA's guaranteed loans in 1983 will be made available for firms owned by socially and economically-disadvantaged individuals, as compared with an average over the past five years of nine percent minority participation in the agency's guaranteed-loan programs and 12.8 percent minority participation in all the agency's loan programs — including direct and guaranteed loan programs."

Critics of the cuts include Rep. Parren Mitchell (D-MD), chairman of the House Small Business Committee and Sen. Lowell P. Weicker (R-CT), chairman of the Senate Small Business Committee. Mitchell has termed the administration's budget-cut request as "outrageous.... In these perilous economic times, one would expect the administration to provide more financial assistance. Especially it should be expected from an administration which professes to believe in job creation in the private sector." (See separate interview.)

Even Templeman noted in his testimony that, "In the final analysis, it is the success of this administration's economic policies that will allow us to address...small business priorities."



Parren Mitchell attacks SBA cuts

U.S. Rep. Parren J. Mitchell (D-MD), chairman of the House Small Business Committee, is opposed to reducing the Small Business Administration's (SBA) direct and guaranteed loan programs. (See separate story for details on SBA program.) In the following interview, he explains his views on SBA loans and other small business issues.

NRA: You said at a recent hearing that the administration's SBA budget request for fiscal year 1983 is "outrageous." Can you elaborate?

Mitchell: By eliminating the direct-loan program, which Congress implemented because it realized the difficulties small businesses have in gaining access to capital, the administration really compounds the problem for many, many small businesses. Particularly at this time, with interest rates as high as they are and with money so tight, I think it is outrageous to attempt to eliminate the direct-loan program.

Q: What about the guaranteed-loan program?

A: Last year, both the direct and guaranteed programs sustained heavy cuts. I think the cut in the direct-loan program last year was about 37 percent and in the guaranteed program about 27 percent. One would be eliminated if the administration has its desire fulfilled, and the other would be cut even further. It just doesn't make sense to me.

Q: The administration argues that SBA loans are crowding out private-sector borrowing and that eliminating SBA loans will free up private capital. What's your opinion?

A: Those SBA loans are infinitesimal when you talk about the private-sector money. The magnitude is so small that it just cannot possibly crowd out the private sector.

I think I understand what the administration's basic economic-philosophical posture is. It is that the government should not be in the business of providing housing, helping people with their education or providing loans. That is the bottom-line philosophy of the administration. And, of course, I don't take that position. I take the position that when everything else fails, then it is the duty of the government to intervene.

Q: Your committee voted to oppose these reductions in its budget report to the House Budget Committee, did it not?

A: That's right. I must say in all fairness that the whole committee realized that the administration had gone too far in the depth of the cuts that were proposed, and this was an attempt to remedy that situation a little bit. Unfortunately, as far as I'm concerned, the committee went along with ending the direct-loan program. It voted to look at a new program that was suggested by Rep. Joseph McDade (R-PA) which would take the monies from the direct-loan program and move them to the Equal Opportunity Loans and the MESBIC (Minority Enterprise Small Business Investment Companies) program. I don't think that is the answer. The Senate has left direct-loan money in its budget, so it will be interesting to see what happens when we go to conference.

Rep. Parren Mitchell (D-MD)

Q: A number of complaints have been advanced about the management of SBA's loan programs — that the loan servicing for the loans is inadequate, that there should be more management assistance and that the paperwork should be streamlined. What can be done to improve these problems?

A: Only by reducing the loan burden can you effectively monitor your loans, and yet we have people at SBA looking at more than 500 loans. There is no way in the world one person can monitor 500 loans in a portfolio. One of the first things that needs to be done is to change that set-up.

Q: The President's recently released report, State of Small Business, notes that the bankruptcy rate has increased dramatically in the last two years. What can be done about this?

A: I think that increased bankruptcies are certainly linked with high interest rates. Small businesses are being clobbered by them. You've got a situation where small businessmen normally don't have access to capital, then when they do get access to capital they've got to borrow at prime plus two. Most guys don't work on a profit margin that would allow them to afford such high rates.

Q: Will the Small Business Survival Act (H.R. 5772), you introduced, alleviate the growing problem of bankruptcies?

A: We're trying to do several things here. By providing direct loans to small businesses to assist them in remaining or becoming solvent, we'll be holding down unemployment and further increases in the deficit. That way the government won't have to pay out additional unemployment and other benefits and forego collection on income taxes. The bill would also allow the businesses receiving such loans to defer payment of principal and interest for one year or longer if necessary. The bill would authorize SBA to make up to $300 million in direct loans, with no individual loan to exceed $200,000. Now that won't solve this enormous bankruptcy problem, but it begins to help.

Charge tip responsibility may rest with employees

NRA is vigorously opposed to a provision in a recently-introduced bill that would require restaurant employers to report charge tip income to the Internal Revenue Service. The proposed legislation — the Taxpayer Compliance Act of 1982 (S. 2198) — was introduced by Sens. Robert Dole (R-KA) and Charles E. Grassley (R-IA) on March 11. Dole is chairman of the powerful Senate Finance Committee; Grassley serves as chairman of the committee's IRS oversight subcommittee.

Dole and Grassley contend that a large gap exists between the amount of taxes owed Uncle Sam and the amount that is actually collected each year. The legislation attempts to narrow that gap by instituting new reporting procedures for certain targeted groups, such as restaurant employees, who the senators feel traditionally under-report their income. They maintain that if the bill is passed, an additional $20 billion in revenue would be collected by IRS during the next three years.

NRA testifies against measure. . .

Shortly after the bill was introduced, Sen. Grassley held a hearing on the bill in his subcommittee. NRA's Chief Staff Officer Robert Neville appeared before the panel to protest the inclusion of the charge tip provision, joined by officials from the American Hotel & Motel Association and the Hotel Employees and Restaurant Employees International Union.

The provision would require any employer with six or more employees who pays an employee $600 or more in charge account or credit card tips in any taxable year to report those tips to the Internal Revenue Service. Withholding on these charged tips would be required, as under present law. The new rules would apply to charge tips paid to employees after Dec. 31, 1982.

Under present law, an employee who receives tips in excess of $20, in cash or its equivalent, during the course of his employment must report all such tips in a monthly statement furnished to his employer. The employer must generally take these tips, but no others, into account in determining the amount of tax to be withheld from the employee's wages. No other reporting requirements are imposed on employers with respect to tips.

Neville told the subcommittee that the new bill would "impose unreasonable record keeping and reporting burdens on employees, compel employers to violate statutory requirements to file accurate returns and only duplicate data to which IRS already has access."

Bank Card
Bank Card
Bank Card
234 567 089 672

Making paperwork. . .

Neville noted that the majority of tipped restaurant employees participate in voluntary tip pooling or tip sharing arrangements. "The employer frequently does not know the extent or nature of these arrangements, has no desire to interfere with them and, under Department of Labor (DOL) regulations, is specifically prohibited from exercising any significant control over tip pooling.

"These employees would, under this proposal, be forced to obtain receipts from each other for each transaction to substantiate their shares of tip income. Obviously, the charge record would hardly tell the whole story about who made how much on each sale. Multiply this by one million tipped employees of eating and drinking establishments and by the estimated 600 million charge transactions in restaurants every year, and you can understand the massive new record keeping that tipped employees and their employers would have to perform."

In the past, Neville said, Congress decided that the only practical way to determine actual tip income for tax purposes was to require the tipped employee to report the amount received to his or her employer. "Even after IRS efforts in 1975 and 1976 to increase reporting and withholding requirements for charged tips, Congress reaffirmed in 1978 that employee reporting responsibilities should be limited to a declaration of tip income to the employer. Assuming that under-reporting was a problem throughout the period since 1965, it is difficult to understand why Congress should now reverse itself and add significant new record keeping burdens on employers — and employees."

Charge receipts inaccurate measure of income. . .

Neville also said that past experience has demonstrated that under tip pooling the charge record is an inaccurate reflection of actual tip income to a particular individual. "If you require the employer to report what is shown on the charge record, you require the employer to report for an employee a tip income amount he or she knows to be inaccurate and you also require that employer to violate the statute's command to 'render a true and accurate return,' and to ignore Code Section 7204, which provides penalties of fine and imprisonment for 'willfully furnish[ing] a false. . . statement' concerning income."

Neville added that the measure would create conflicts between employees and employers. "With this proposal," he said, "the employer would become a policeman, taking over from IRS an enforcement function that only IRS is capable of performing and, in so doing, creating a source of conflict and disagreement between employee and employer.

"Creating conflict, expense and paperwork for the employer might be justified if the employer was privy to special information to which the IRS was not. But, concerning tips and their ultimate distribution, the employer knows less than the employee or the IRS. And the employer is required, by Code Section 6001, to retain charge receipts and statements (of tip income) by employees, the purpose being to facilitate IRS audit. So charge tip information is already available under current law to the IRS."

To IRS's charge that less than 20 percent of all tip income is reported, Neville said, "Largely because of the complex and little-regulated practice of tipping, the employees of the foodservice industry are charged with far more than their share of the blame for underreporting. The IRS figures accompanying this bill perpetuate the belief that tipped employees are less than honest. These are 'preliminary and unpublished estimates by IRS' and are unsubstantiated by any more reliable data. Since we don't now how these figures are derived we cannot, for example, perform a similar study to substantiate or refute the IRS findings."

Compliance gap may grow through inaction. . .

According to Dole and Grassley, without S. 2198 the estimated compliance gap will increase from $54 billion in 1979 to an estimated $102 billion in 1985. Their proposal would reduce the compliance gap by 40 percent from 1982 to 1985 and reverse the decline in compliance rates.

The compliance gap, according to Dole, has three principal components

- individuals' unreported and under-reported legal income
- corporate unreported and under-reported income and
- illegal income.

IRS figures show that 84 perent of the compliance gap is attributable to underreporting of individuals' legal income. Eleven percent is due to under-reporting of illegal income and only five percent is attributable to the corporate sector.

Senate bill to get speedy consideration. . .

S. 2198 is on a fast track and could be considered by the full Senate very soon. It may be considered as part of the first budget resolution for fiscal year 1983 or it may be attached to a bill to increase the debt ceiling that will be considered by Congress this summer. Companion legislation (H.R. 5829) has been introduced in the House by U.S. Rep. Barber Conable (R-NY), the ranking Republican on the Ways and Means Committee.

NRA-PAC seeks soliciting permission

The NRA Political Action Committee (PAC) is gearing up for another active election year. Recently it mailed authorization forms to all NRA members, asking them to give NRA-PAC permission to solicit contributions.

"It's very important that members take the time to fill out our authorization form," said NRA-PAC Chairman Ralph Evans (Evans Farm Inn, McLean, VA). "Each year — in accordance with Federal Election Commission (FEC) laws — we must ask our members if we may solicit contributions from them and their staffs. Without this authorization, we cannot effectively communicate with our members about our political activities."

Money contributed to NRA-PAC for the 1980 elections amounted to more than $65,000. The funds were used to make contributions to 138 candidates for the U.S. Senate and House of Representatives who were supportive of NRA's views. Seventy-eight percent of these candidates were elected and, as Evans stated, "NRA-PAC is proud to believe it played a role in the outcome of these elections."

Evans likened campaign contributions to voting: "Just as one vote can make a difference in an election, so can one contribution to a campaign. A tough Senate race can easily cost over a million dollars. By contributing money to candidates who best represent the views of the restaurant industry, NRA-PAC can help them wage an effective campaign."

Evans stressed that NRA-PAC is planning a major fundraising effort to encourage more first-time contributors to the PAC. "Our goal is to get a greater number of people involved in our PAC this year, especially as small contributors. That way we can achieve a better representation of our membership and its attitudes.

"NRA-PAC pools the money of all participating members and contributes the funds in the name of the foodservice industry as a whole," Evans continued. "This allows us to contribute larger sums of money to more candidates than any one person usually can afford to do, and it means more industry identification.

"Our PAC is governed by seven trustees — all of them NRA members — that meet regularly to review and evaluate candidates and to assess their voting records."

Evans also noted that political contributions are tax deductible. "You can get a credit of up to $100 on your income tax each year," he said.

For more information on NRA-PAC, contact David Joyner, NRA-PAC manager, at NRA headquarters in Washington, DC, (800) 424-5156.

THE BOARD ROOM

NRA board members on the road, in the press and at the podium

NRA Chairman visits 44 states

As he nears the end of his term as NRA Chairman, Walter Conti has traveled 100,000 miles and visited 44 states. "The NRA presence at meetings of state and regional associations, sister associations and HR&I events is important," says Conti. "I've been able to tell NRA members all over the country what we are doing for them. More significantly, I've been able to learn what they are worried about and what they need from NRA."

Most recently, Conti gave the keynote address at the Pacific International Hospitality Convention and Exposition and then spoke to the restaurateurs in New Mexico; Toronto, Canada; Montana and Massachusetts. He offered the opening address at the International Wine and Food Expo in Washington, DC.

Director O'Neal tours foodservice facilities.

Other board members travel

Director Michael O'Neal and Past President Martin L. Horn, Jr. have also been on the road for NRA. As the association's evaluation team members for the John L. Hennessy Award, they have toured foodservice facilities at air force bases from Alaska to Turkey and California to Germany.

Each year, the air force command that is judged to have the best foodservice program receives the Hennessy Award. This year's winners will be announced shortly.

Chairman Conti on the road for NRA.

Machus reports to AH&MA Board

In his annual report to the American Hotel and Motel Association, NRA Director Harris Machus thanked the hotel-motel industry for assistance in publicizing the disastrous effects of the U.S. Department of Agriculture's proposed revision of beef grading standards.

Reporting as NRA's exchange director to the AH&MA board, Machus said, "Even a government sympathetic to business will pass laws and issue regulations which hamper our ability to function efficiently. That is why the hospitality industry must be well represented in Washington and in the state capitals. Lately, our voice has been heard loud and clear because we have spoken in unison. On behalf of NRA, I thank you for your sensitivity to our mutual concerns and pledge continuing support in those areas which involve us all."

Grisanti honors retiring state association executive Potter

On April 13, NRA Director Michael Grisanti presented a plaque on behalf of the association to Mildred Potter, retiring executive vice president of the Kentucky Restaurant Association (KRA). Speaking at a dinner in Potter's honor, Grisanti said, "Mildred has served KRA for all but one year since its founding. She can personally take much credit for its steady growth and long record of successes. NRA can't go it alone. We depend on the state associations, and Mildred Potter has helped to make the Kentucky Restaurant Association one of the most dependable."

Put human resources where it belongs: UPFRONT

At a recent foodservice get-together, a Florida restaurateur held up a sign that read, "Did you kiss your dishwasher today?" Savvy operators across the country know that foodservice staff can make or break a restaurant — whether it's with dirty or sparkling glassware or a caring or unenthusiastic attitude.

In this month's feature section, the focus is on foodservers: how to train them, motivate them and earn their loyalty. The articles cover a range of topics from among the exceptional programs in the industry.

For years the single most important thing in life for the teenagers in Dan Richard's SMART program was where to get the best and most potent supply of drugs. Today, their major concerns include the preparation of complex recipies, the careful timing of intricate souffles and the steady hand required to cut a basket out of an orange or a rose out of a tomato. Why the change in priorities? First, these teenagers spent time in Discovery House, a residential treatment center in Marlboro, NJ, where they successfully kicked their drug habits. Second, Dan Richard, founder and coordinator of SMART (Sites Made Available for Restaurant Training), a vocational rehabilitation program that trains participants to become familiar with all facets of the foodservice industry, especially cooking, was willing to give them a chance to learn a skill and possibly build a future.

Richard, owner of the Chain Lane, a mini-mall consisting of a number of restaurants and speciality food shops in Beach Haven, NJ, wanted to make use of his summer resort facility during the off season. His idea was to turn the facility into a training ground for the foodservice industry — training for individuals who characteristically had trouble finding and keeping jobs.

"The reason for this made obvious sense. Everything we needed for the training was already there and not being used," said Richard. "Further, I believe, that the foodservice industry can provide unlimited opportunities for advancement to qualified individuals seeking a permanent career."

A friend involved in the drug treatment field suggested that Richard work with former drug abusers. He made contacts within the state of New Jersey and attempted to get the program started. Initially he encountered skepticism from state officials because of the high failure rate of such programs in the past.

However, Richard was persistent and finally got the state to agree to pay for the food necessary for instructions and student luncheons, as well as utility costs, the in-house chef's salary, transportation costs and the actual cost of operating the building. In all, a total of $19,000.

The next step was to find individuals who could use the training. That was not difficult. Discovery House, a residential drug rehabilitation program committed to vocational education and job placement, agreed to participate in the program.

How the program works. . .

In March 1981, Dan Richard's innovative concept began to unfold. The students attend classes five days a week from 10:00 a.m. to 3:00 p.m. for three months. They are taught by experienced visiting chefs everything from making basic sauces to the preparation of such elaborate dishes as chauteaubriand, Coquille St. Jacques and vichyssoise. The students also learn how to prepare decorative pastry items and salads, as well as ethnic speciality foods.

"We accomplish in three months what a formal culinary arts program teaches in two years," says Richard. "The students are eager and willing to learn, but, they do not have the patience to sit through a long drawn out process."

The SMART program gets the students involved from the first day. They are taken on a tour of the Chain Lane facility, given aprons and chef hats and instructed on the various aspects of kitchen safety and equipment maintenance. NRA material on job titles and descriptions is also given to each student so they can familiarize themselves with the many career opportunities within the foodservice industry.

By the second day, the students get hands-on experience from the in-house chef. They learn how to prepare soup stock and produce four major stocks for soups and sauces. The program relies not only on the in-house chef but also on many local restaurateurs who volunteer their time and expertise to the project. As a result, the level of instruction is sophisticated and broad. The students are extremely responsive.

"The key to success with this type of instruction is to hold the students' interest while expanding their knowledge and building their confidence," said Richard. "The students must be motivated to attend classes and successfully complete the program." Richard is quick to point out that he has had very few unexcused absenses.

For the majority of students that fact is quite remarkable. Many suffer from low self-esteem and doubt their own abilities. As a result, attendance and punctuality are highly stressed in Richard's program. The lack of either or both qualities is the main reason why most former drug abusers find it difficult to succeed in the job market.

The SMART program helps the students look outward, rather than dwell on their own insecurities by involving them in community activities, such as preparing food for senior citizens, serving hot soup to marchers in a Christmas parade and serving lunch to retarded citizens two days a week in the SMART cooking school dining room.

"Our class realized that despite their own handicaps and obstacles they have to overcome — here were people with real problems," said Richard. "They attained a sense of pride in what they prepared and how they served someone less fortunate than themselves."

Praise from master chefs...

Dan Richard has found that job placement for the graduates is not difficult. Every student who graduated in December 1981 was successfully placed in such Atlantic City, NJ hotels as the Golden Nugget, the Tropicana, Ballys, Resorts International and the Sands. The Marriott Corporation and other foodservice personnel have been particularly receptive to graduates of the SMART program.

"The skills the students learn at the school help to overcome any possible prejudice on the part of the employer as to their drug-related background. The chefs know we are bringing them trained personnel who are looking for a future, not just a job," said Richard.

Gustave Mauler, executive chef at the Golden Nugget Hotel and a member of the U.S. Culinary Olympic team, hired three graduates of the program. "They are extremely enthusiastic and hard working," he said. "A quality that I rarely see in today's employees."

Vladimir Reitmaier, executive chef at the Tropicana Hotel also had words of praise: "Everyone needs a second chance. These individuals are very dedicated, they have a great attitude and take their job seriously. I will definitely hire other graduates from SMART."

National expansion...

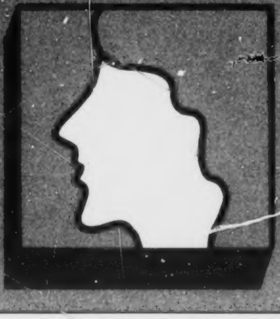
For now, SMART operates out of the state of New Jersey, but Dan Richard sees the expansion of this type of rehabilitation program in the near future. "It's so simple, and it works," he said. "Many restaurants are idle for part of the day — some facilities do not serve lunch, some do not serve dinner. These kitchens would be the ideal training grounds for student instruction," he said. If Richard's program is any measure, he certainly does have the recipe for success.

SMART student serves soup to New Jersey state officials.

No dish leaves the SMART kitchens without a critical review.

Earning employee loyalty

Industry studies report that employee turnover is taking a large bite out of the restaurateur's profits. To replace a unit manager can cost as much as $125,000; to recruit an hourly employee can come to $1,000. Retaining good employees, therefore, is becoming an increasingly important function for foodservice managers. This article discusses two restaurant programs that are particularly effective in making their employees feel appreciated. The payoff for the restaurants has been a cadre of loyal employees who have been with the restaurants for years.



There are really only two things that are absolutely necessary to operate a foodservice establishment: One is food; the other is foodservers. Food can be bought; not so good foodservers.

Far too often restaurateurs concentrate on the customers' needs and forget their own workers. It's unrealistic to expect one's waiters and waitresses to bubble over with friendliness and good cheer if they are unhappy about their jobs.

Many restaurant operators are working hard to restore dignity and pride to the people who make their business possible. Some operators are trying to boost employee morale by making foodservers feel more a part of their business through such programs as profit sharing and comprehensive training. Others are trying to accommodate individual worker needs by more flexible scheduling, while still others show their appreciation for long service by some tangible item, such as an appreciation pin.

Two restaurant operators who have been particularly sensitive to the needs of their workers and who have developed model programs for building employee loyalty are Bill's Barbecue, Inc., of Richmond, Virginia, and The Angus Barn of Raleigh, North Carolina.

I. Bill's Barbecue, Inc. Richmond, Virginia

Bill's Barbecue is a family-owned business of six restaurants in Richmond, with a total of 185 employees. The first Bill's Barbecue opened in 1930, and some of today's employees date back to 1937 (45 years). Such longevity speaks volumes about the managerial crew at Bill's. "We appreciate our people and know that we can't get the job done by ourselves. We show them our appreciation by our various employee benefits, insurance programs and profit sharing plan but also by very simply just taking an interest in their lives, in their families, in their kids," says President Steve Richardson.

Start the first day on a positive note...

From their first day on the job, new workers are made to feel at home at Bill's. They are brought to Dianne Glascock, coordinator of personnel orientation and training, who not only reviews the job and basic restaurant rules and regulations but also discusses customer service and the importance of teamwork. "We understand that half the information they hear that first day will be forgotten because they are too nervous to concentrate," says Glascock. "What we're trying to establish is a feeling of their knowing someone on a one-to-one basis that they can go to if they have a problem."

Once they get their bearings, the training program begins. According to Glascock, the program works like a honeymoon. New employees are "married" to trainers and do nothing alone during the first two or three days. They don't take an order, make a drink, ring a sale or write a ticket unless the trainer is right beside them. "This system helps alleviate the negativism of the first week of employment by eliminating mistakes. New workers don't feel lost, frustrated or unsure of themselves. The program supplies a sense of confidence and teaches the proper method of handling things right from the beginning," explains Glascock.

Manuals outline specific duties...

To reinforce on-the-job training, new workers are given a company policy manual and a specific manual for their jobs. There are separate guides, for example, for counter, curb and kitchen employees. These handbooks discuss duties and responsibilities in detail, providing checklists and hints that can run the gamut from handling money to coffee making.

After new workers have been with Bill's for at least one month, managers begin periodic testing to help pinpoint problem areas that may need special attention. For example, if a worker has trouble with ticket writing, role-playing is used to help the employee practice writing orders. If making change poses difficulties, a trainer and worker may spend two or three hours playing with money until the worker gets the hang of how to make change.

According to Glascock, the extra effort this takes is well worth it: "When we hire a person, it's because we feel he is right for the job. If problems emerge, we work with the employee to solve the problem — we don't give up on him."

After new employees have been at Bill's for several weeks and have become comfortable in their new jobs, the second part of the orientation program begins. It consists of two-and-a-half hours in a classroom situation where workers learn about the company history, philosophy and structure through presentations, slides and filmstrips. Workers also learn basic economic principles and the importance of good food, good service and sanitation.

According to Glascock, this part of orientation is instrumental for instilling a sense of pride in the restaurant. It also helps foodservers answer questions customers might ask.

Bill's Barbecue doesn't stop with training and orientation to make workers feel they are important. For example, members of the night crew who don't drive need not depend on Richmond's irregular bus schedule or expensive cab rides. Instead, Bill's managers use the restaurants' three vans and half dozen jeeps to drive workers home at night and to pick them up in bad weather.

Continuous service rewarded...

Bill's also rewards continuous service. For years the restaurants presented five, 10, 15, 20 and 25-year pins. Recently they found they needed 30, 35 and 40-year pins and, to encourage newer employees, Bill's has also added one and three-year pins.

President Steve Richardson likes to make the presentations himself. He feels this underscores the pins' importance. But on those rare occasions when Richardson cannot preside himself, he appoints long-term Vice President Michael Gooding.

To honor workers who have been on the job 25 years or more, Bill's throws a party while the worker is on duty. Family members are invited to attend, flowers are ordered, and the guest of honor cuts a special cake and hands out pieces to customers. Personnel coordinator Dianne Glascock takes pictures for the company scrapbook and makes additional souvenir copies for the employee.

Is this expensive? "A cake's not that expensive," says Glascock. "And a few flashbulbs don't cost that much for the amount of goodwill created. The parties give the workers a feeling that they are special. And they are special. We wouldn't be here without them."

II. The Angus Barn
Raleigh, North Carolina

Mel Simpson, manager of the Angus Barn in Raleigh, adheres to many of the same operational techniques as the management at Bill's. Simpson also stresses the importance of a good beginning. "We bring the workers in and tell them the rules of the game and what to expect. We tell them the drawbacks of the job as well as the good points. We believe in being totally upfront and not selling a bill of goods to get them on the payroll.

"Once they are with us, we don't forget about them," adds Simpson. Like Bill's, The Angus Barn has a well-structured training program where employees are supervised closely during their first few weeks and taken through their duties step by step. The trainers are well-qualified instructors ("schoolteacher calibre" says Simpson) called captains. They are salaried employees who get a percentage of sales in lieu of tips.

In addition to on-the-job training, Angus Barn employees attend weekly Saturday meetings where mistakes of the week before are reviewed and difficult tasks are taught by repetition. Training sessions supplement the meetings and feature motivational tapes. One of these tapes is on hospitality and teaches the foodservers to be proud of what they are doing. Another helps build a positive self-image, which Simpson believes is vital to doing a good job in any area.

An example of the Angus Barn's sensitivity to its 143 employees is reflected in its flexible scheduling: Schedules are changed to reflect workers' needs. If someone needs a day off, he can put his name on a request sheet, which is worked into the master schedule on a regular basis. Also, Angus Barn employees work on standby so that workers with emergencies or last-minute schedule changes find replacements easily.

Since the Angus Barn is not open for lunch, the managers occasionally take a group of 10 employees out to lunch at another local restaurant. Each employee comes from a different category so that the group will have a waitress, a bus boy, a janitor, a secretary, a dishwasher, a chef and so forth. The main purpose of these lunches is to foster employee interaction, and the conversation is not necessarily work-related. "The people look forward to these lunches, and it's amazing how it adds to the spirit of team effort and reduces or eliminates friction," explains Simpson.

Like Bill's Barbecue, the Angus Barn also rewards its workers with pins of appreciation for service of two, five, 10 and 15 years. At 10 years, they receive a watch and at 15 years a silver service.

Only four years after it opened in 1960, the Angus Barn burned down. Some of the workers were kept on to help with the reconstruction. Others were placed in temporary jobs in various local restaurants. When the restaurant reopened 11 months later, everyone came back; and some members of the original team are still there today. Because of that early disaster, Angus Barn now carries interruption insurance to protect all key personnel and to guarantee a regular salary in the event of another crisis. This program is typical of management's concern for its workers.

Turned-on employees...

Because both the Angus Barn and Bill's Barbecue are genuinely concerned for the welfare of their workers, they have a dedicated staff, many of whom have been with the companies for decades. The following comments are typical of the loyal feelings these workers feel.

Richard Henderson: "Thirty-four years ago, I started as a sandwich maker in the kitchen at Bill's, now I am commisary manager. They have a program of teaching people that's excellent. Several of my children have worked here. It was a wonderful feeling on my 30th anniversary party with my wife and family here. I was so nervous I almost could not cut the cake. It means a lot to know that the boss cares if I am here or not."

Peggy Cogan: I have been a waitress here for 12 years. I like meeting people. I like serving people. And I love working in the Angus Barn. It is the nicest place in North Carolina."

Betty Shugart: "I have been with the Angus Barn for 18 years. Now I am a captain in the dining room. It is like one happy family here. The bosses are very easy to talk to. There is a not a lot of turnover here so it is not like you get used to working with someone and before you know it they leave. No one wants to quit the Angus Barn."

Foodservice industry turns to untapped labor force

Given the same education, the same background and the same experience, two people may be equally qualified for a job, and it would be difficult for an employer to decide between the two. That is unless one of the applicants is physically or mentally handicapped. In the past, a handicap has made the answer simple. Stereotypes and misconceptions about the handicapped have precluded their chances to compete for a job.

The foodservice industry, along with other sectors of the business community, are rapidly changing this stereotype. Experience is showing that handicapped workers are often more loyal, dedicated and hardworking than the average employee. "In an industry as employee intensive as foodservice, loyalty which often breeds longevity, is an important consideration," explained Walter Ashcraft, NRA director of human resources. "Foodservice employers are enthusiastically experimenting with a wide range of programs dedicated to increasing handicapped employment in the industry. Programs are well received and results are encouraging," states Ashcraft.

Projects With Industry (PWI), a program to increase foodservice participation in handicapped employee career training, was developed by the National Restaurant Association in conjunction with the Rehabilitation Services Administration — an agency of the U.S. Department of Education. The basic aim of PWI is to provide quality employees for America's foodservice industry by arranging contacts between rehabilitation agencies and the foodservice industry.

Support for the program has come from a wide variety of groups across the country including, Goodwill Industries of America, the Council of State Administrators of Vocational Rehabilitation, the Department of Education, the National Institute of Mental Health, as well as many other public and private enterprises.

"The project is two fold," explains Ashcraft. "Handicapped individuals must be trained and made vocationally independent, and stereotypes about the capacity of handicapped employees must be overcome. Frequently, the latter is the more difficult to deal with. However, employers who hire the handicapped quickly perceive that workers' dedication is more of an asset than their disabilities."

Foodservice employers who don't know how to go about hiring or training the handicapped, should contact NRA's Project With Industry program through Walter Ashcraft. PWI is designed to help employers contact local and state groups involved in rehabilitation efforts.

Accounts of success stories beneficial to both the employees and employers are too extensive to explore fairly in the format of the *NRA News.* Contact the NRA human resources department for case histories of handicapped employees in foodservice.

In 1981, NRA received feedback from over 1,400 members concerning the hiring of the physically and mentally impaired. The results reveal that employing handicapped individuals is widespread in the foodservice industry.

- 48 percent of the respondents reported they had employed the mentally retarded; 46 percent had employed physically handicapped workers.
- 29 percent had employed mentally or emotionally restored workers.

Focusing on the mentally restored, the survey revealed that

- Most respondents have mentally restored workers employed in the sanitation and food preparation areas.
- Mentally restored workers are described as better than their co-workers in terms of attendance.
- The majority of respondents indicate that quality of work, job tenure and motivation to work of mentally-restored workers is at least equal to their co-workers.
- The accident rate among handicapped employees is lower than the rate for the average employee.
- Contrary to general belief, disabled workers have no effect on insurance costs.
- Handicapped workers are generally accepted by customers and co-workers.

MENU GREATS

There's no one element that makes a menu great. In fact, it's much easier to list what you shouldn't do than what you should do when creating a menu.

The more than 1,100 menus entered in the Great Menu Contest were judged on originality, readability, marketing force and attractiveness. Judges quickly realized that each quality, although easy to achieve on its own, was difficult to achieve when combined with the others.

If a menu was attractive and original, often it was too original for easy reading. If it was readable, it frequently sacrificed attractiveness and originality.

All this to say, it's difficult to design a great menu, but this year's competition was tough. Operators are finding ways of getting around traditional problems and designing the best menus we've ever seen.

The Great Menu Contest has been largely responsible for increasing the awareness in the industry of the importance of menu presentation. Winners of the competition in the past years have given other restaurant operators many ideas.

The top three winners in each of the 21 categories of the 19th annual Great Menu Contest are listed below. They will be displayed at the NRA Show in Chicago.

AMERICAN — UNDER $10

1. New Haven Restaurant
   New Haven, CT
2. Todd's/McFaddin Affiliates
   Houston, TX
3. Great Godfrey Daniels
   Skokie, IL

AMERICAN — $10 AND OVER

1. The Old Original Bookbinder's
   Restaurant
   Philadelphia, PA
2. Americus/
   Sheraton Washington Hotel
   Washington, DC
3. Brock Hotel Corporation
   Topeka, KS

CONTINENTAL

1. Winter Palace
   The Sheraton Centre of Toronto
   Toronto, Ontario
2. Escoffier Room
   Culinary Institute of America
   Hyde Park, NY
3. Camelot, Inc.
   Bloomington, MN

ETHNIC

1. Monterey House
   Houston, TX
2. Odine/Stouffer Hotel Corporation
   Itasca, IL
3. Marliave Restaurant, Inc.
   Boston, MA

HOTEL

1. The American Harvest Restaurant
   Vista International Hotel
   New York, NY
2. Coppermill Restaurant/Stouffers
   Philadelphia, PA
3. Compass Rose/Westin St. Francis
   San Francisco, CA

FAMILY RESTAURANT/ COFFEE SHOP

1. Guggy's Grill
   Phoenix, AZ
2. The Wild Primrose
   Holiday Inns, Inc.
   Memphis, TN
3. Zim's Restaurants, Inc.
   San Francisco, CA

FAST SERVICE

1. The Mad Italian, Inc.
   Atlanta, GA
2. Noble Roman's Pizza
   Bloomington, IN
3. Sundancer Restaurant
   Kiawah Island Co.
   Charleston, SC

CARRY OUT

1. The Healthy Food Place
   Los Angeles, CA
2. Sandwich Salon
   Altoona, PA
3. Jonah's/Sundancer Restaurants
   Charleston, SC

UNIVERSITY

1. Union Club
   University of Arizona
   Tucson, AZ

See them at the NRA Show

2. Ohio State University Restaurant
and Dining Hall
Columbus, OH

3. Valparaiso University Dining Service
Valparaiso, IN

HRI STUDENT PROJECT

1. Montgomery County Community
College
Blue Bell, PA

2. Ferris State College
Big Rapids, MI

3. Rochester Institute of Technology
School of Food, Hotel & Tourism
Management
Rochester, NY

OTHER (CATERING)

1. M. W. Wood Enterprises
Allentown, PA

HOSPITALS

1. Jewish Hospital of Cincinnati
Cincinnati, OH

2. Connecticut Hospice, Inc.
Branford, CT

3. St. Joseph's Hospital East and West
Mt. Clemens, MI

MILITARY CLUBS

1. Griffiss Air Force Base
Rome, NY

2. RAF/NCO Open Mess
APO, NY

3. Skyview Terrace NCO Club
Honolulu, HI

SPECIAL OCCASIONS

1. Tempo's
Nashville, TN

2. Yesterday's
Ft. Lauderdale, FL

3. Hilton International
Brussels, Belgium

DESSERT MENU

1. Noga Hilton International Geneva
Geneva, Switzerland

2. Pegasus Restaurant
Robbinsville, NJ

3. J. P. Daniels
Old Mystic, CT

CHILDREN'S MENU

1. Jerry's Restaurants
Lexington, KY

2. Holiday Inns, Inc.
Memphis, TN

3. Kiawah Island Co.
Charleston, SC

WINE MENU

1. Pegasus Restaurant
Robbinsville, NJ

2. Winter Palace
The Sheraton Centre of Toronto
Toronto, Ontario

3. Admiralty Restaurant
Jacksonville, FL

SPECIALTY DRINKS

1. Hilton International
Sydney, Australia

2. Jesse's, Inc.
Hanover, NH

3. The Pirates' House
Savannah, GA

ROOM SERVICE

1. Brock Hotel Corporation
Topeka, KS

2. Sheraton Plaza
Palm Springs, CA

3. Hilton International
Milan, Italy

BANQUET/CATERING

1. Bally's Park Place Casino Hotel
Atlantic City, NJ

2. Alameda Plaza Hotel
Kansas City, MS

3. United States Army/
Fort Myer Officers' Club
Fort Myer, VA

SPECIAL SERVICES

1. Winegardner & Hammons, Inc.
(Senior Citizen Menu)
Cincinnati, OH

2. The Lion Dog Lounge
The Sheraton Centre of Toronto
(Cocktail Lounge)
Toronto, Ontario

3. Jonah's Last Straw
Kiawah Island Co.
(Bar Sandwich Board)
Charleston, SC

Serving on the panel were Joan Bakos, editor, *Restaurant Business,* New York City; Mark Barnett, a restaurant and food writer whose articles frequently appear in the *Washington Post;* Audrey Garvey, creative director, *Restaurants and Institutions,* Chicago; Carlton Jones, restaurant reviewer, *Baltimore Sun;* Raylene Kershaw, art director, Great, Inc., Washington, DC; and Maryann Kibarian, president, Culinary School of Washington, DC.

THE LAW

Administration to support extension for TJTC

Last summer, NRA lobbying efforts paid off in a one-year extension of the Targeted Jobs Tax Credit (TJTC). The victory came despite the administration's opposition to the extension. Major changes were made in the certification process, however, and limitations were placed on the use of cooperative-education students under the program.

This summer, the administration appears ready to support a further extension of the credit, and several members of Congress have introduced bills to solve some of the problems arising from last year's changes and to expand use of the credit.

Administration announces proposal to extend TJTC...

Labor Secretary Raymond Donovan told a joint congressional hearing on the Comprehensive Employment Training Act (CETA) that the administration now favors extension of the Targeted Jobs Tax Credit program. Donovan told the congressional panel: "We believe that this more positive atmosphere for a partnership with the private sector will result in many more of the disadvantaged being moved into productive private-sector jobs." Donovan did not give any details about the administration's proposal. The secretary's comments mark a change from the strong campaign the White House mounted in 1981 to let the TJTC expire. Without another extension, the TJTC will expire at the end of this year. The administration's change of position may help foodservice-industry efforts to obtain a multiyear extension of the program.

Modifications introduced in Congress...

In addition, two bills have recently been introduced that attempt to clear up some of the problems employers have had with the Targeted Jobs Tax Credit. Rep. Toby Roth (R-WI) introduced H.R. 5479, a bill that would amend the provisions of the Economic Recovery Act of 1981 which require targeted jobs certification requests to be in writing. The Roth bill would treat documented oral certification requests received within 45 days after the date of enactment of the Economic Recovery Act as written requests. The bill corrects some misunderstandings between employers and local job service offices regarding certification requests that occurred after changes were made.

Rep. Arlen Erdahl (R-MN) has introduced H.R. 5146, which would extend TJTC to 14 and 15 year-old students participating in the Work Experience/Career Exploration Program. The law now states that these participants must be aged 16-20. The Erdahl bill would also restore the TJTC to include employers of all cooperative-education students regardless of their economic status. Last year's Economic Recovery Act required that co-op students be economically disadvantaged in order for them to qualify for TJTC certification.

Finally, Rep. William Goodling (R-PA) has introduced a bill H.R. 5389 (See April *NRA News*.) to allow employers an 85-percent tax credit for hiring economically-disadvantaged youths during the coming summer months. Cosponsors are Reps. Augustus Hawkins (D-CA) and James Jeffords (R-VT). A companion bill (S. 2229) has been introduced by Sen. Charles Grassley (R-IA).

Q's and A's on the TJTC

What is the Targeted Jobs Tax Credit?

- a tax break to employers who hire people who normally have trouble finding jobs

Who can take advantage of the tax credit?

- all private employers in a trade or business

How is an employer eligible for the tax credit?

- by hiring individuals from one of the nine targeted groups

What are the "targeted groups?"

- handicapped persons referred from vocational rehabilitation programs or the Veterans Administration
- young people, 18 through 24, who are members of economically-disadvantaged familes
- recipients of Supplemental Security Income (SSI)
- Vietnam-era veterans who are economically disadvantaged
- persons who have received general assistance for 30 or more days
- youths, 16 through 19, participating in cooperative-education programs, and who are members of economically-disadvantaged families
- ex-offenders (felons) who are economically disadvantaged and who are hired within five years after conviction or prison release
- recipients of Aid to Families with Dependent Children and registrants for the Work Incentive Program (WIN) program (which is now terminated)
- involuntarily terminated Comprehensive Employment Training Act (CETA) employees

How much is the tax credit?

- fifty percent of the first $6,000 in wages paid during the first year of employment (maximum credit of $3,000 per employee) and 25 percent of the first $6,000 in wages paid during the second year of employment (maximum credit of $1,500 per employee)

State leaders respond to Reagan's New Federalism plan

Recently, the National Governor's Conference convened in Washington, DC, to discuss, among other issues, President Reagan's New Federalism proposal. Basically, this concept is designed to transfer the responsibility of many federal programs from Washington to the states.

Since it appears that there will be intensified regulatory and legislative activity in the state capitals — much of this affecting the foodservice industry — NRA met with Bernard Chabel, editor, National Governor's Conference, to learn of the mood of state governors as they face President Reagan's New Federalism.

STATE DEPARTMENT

NRA: How would you define President Reagan's New Federalism program?

Chabel: The President's program is an effort to return both decision-making responsibility and program responsibility to the state and local levels.

As the President himself defines it, it's having the decisions about programs and expenditures of public funds made closer to the level where people have the most direct voice in electing officials — that is, the state and local levels.

Q: Recently, governors throughout the United States met in Washington, DC. How did they view the New Federalism proposal?

A: First, the governors have been calling for a sorting out of governmental responsibilities for a number of years. What we have been saying is that we should look at the programs and see which level of government can most properly and most efficiently administer each service.

In some cases, that would be the federal government, and in some cases, that would be state and local governments.

On a philosophical basis, the governors agree with the return of a number of programs to the state and local levels. They have problems with some of the programs the President has called for, primarily welfare and AFDC (Aid to Families with Dependent Children), which the governors think should be a national responsibility.

They also have some problems with the original proposals on fiscal capacity. The President's original proposal, according to the governors, did not recognize that different states have different capacities to fund programs and raise revenues to pay for programs.

Q: What are the governors proposing to President Reagan?

A: Our counter proposal includes two big components in the President's federalism initiative. One would be federal assumption of all Medicaid costs, in return for which the states assume all the costs of AFDC and food stamps.

And the second would be the return of some 40 federal programs to the states with the establishment of a giant trust fund composed half of revenues from windfall profits tax and half of federal excise tax revenues to fund these 40 programs. Now, the governors support the federal takeover of Medicaid. However, the state assumption of AFDC and food stamps goes against our longstanding policy that these should be national programs because it's primarily national economic policy to determine the level of need.

So what we are saying is let's have the federal government take over Medicaid, in exchange for which the states will take over a negotiated set of federal programs and defer the consideration of the AFDC and the food stamp swap until some later date.

Q: Is the New Federalism simply a method to turn costly federal programs over to the state to solve the federal budget crunch?

A: There certainly is that fear. We think that the President is genuinely committed to sorting out and reshuffling of government responsibilities within his administration. That is not to say that this probably is not an excellent opportunity – philosophy aside – to turn over to the states very unpopular programs.

Q: What do the governors say is the relationship between the New Federalism and the current economic downturn?

A: It's a curious relationship. I think the governors have been saying for a number of years that every level of government is trying to do everything. The result is a system that is overly complex and overly expensive.

A good example that is often cited is that federal government should not be concerning itself with filling potholes when it should be considering more important national issues. I think there has been this proliferation of small issues and small programs with attendant federal red tape that has driven up the cost of government services and has diverted the federal government into areas where it should not concentrate to the disadvantage of other areas, such as setting national economic policy, job training and the like. Perhaps a more streamlined federal government and a more streamlined federal role would alleviate the situation to the same degree that it has exacerbated the current problems.

If you could dine at any restaurant,
in any city,
anywhere in the United States —
you would be living with the restaurateur's dream.

NRA will be proud to make it all come true for
the lucky winner!

The National Restaurant Association is offering one of the most exciting new benefits ever for its members!

Taste the U.S.A. Raffle for NRA Members*

A restaurateur's dream trip:
Visit the restaurant capitals
of the U.S.A.
— 5 fantastic cities,
10 exciting nights
New York
New Orleans
Boston
Chicago
San Francisco

The accommodations and
airfare are provided by
Hyatt Hotels and TWA.

* This member-only contest
can only be entered by
filling out an entry card at
NRA booth #1104 at
the Show.

FOOD SERVICE TRENDS

Customers rate restaurant service very high

Food quality and good service are the most important criteria when customers select a restaurant. According to the results of a recent NRA consumer survey to be published in June, three-fourths of the restaurant patrons reported that friendly service was an important consideration when choosing a place to eat — second only to food quality. Atmosphere and location, although important, ranked further down the list.

Since service is such an important part of the dining experience, responses to an NRA-commissioned Gallup survey will be of interest to operators. Individuals interviewed for the Gallup *Monitor of Eating Away from Home,** who had eaten out on the previous day were asked, "Using a scale of one to 10, where 10 represents excellent service and one represents very poor service, and the numbers in between represent varying degrees of satisfaction — where on the scale would you rate the service you received?"

Overall, restaurant patrons are very satisfied with the service they receive when dining out. In one out of four meals, the service was rated as "excellent," while two out of four meals were considered "good." In comparison, service was rated "poor" or "very poor" at only 3.2 percent of the meals.

Women and older adults rate service highly . . .

A demographic analysis of the data reveals that women are more inclined than men to rate service received in restaurants as excellent. Thirty-one percent of the female respondents indicated that the service they received during their last restaurant meal was excellent, versus only 18.9 percent of the male respondents. However, 56.9 percent of the men said the service was good, while the corresponding proportion for women was 43.9 percent.

Service rating by sex

Service ratings	total respondents	men	women
Excellent	24.1%	18.9%	30.6%
Good	51.1	56.9	43.9
Fair	20.5	19.7	21.6
Poor	2.4	3.0	1.6
Very poor	0.8	1.0	0.5

Older people rated the service during their last meal out higher than younger individuals. Forty-three percent of the respondents age 50 to 64 and 48.6 percent of those 65 and over rated the service they received as excellent. In comparison, only 10.3 percent of the individuals 18 to 24 years old and 21.9 percent of the 25 to 34 age group indicated that the service they received was excellent. These younger patrons were more inclined to rate the service as good or "fair."

Service rating by age

Service rating	18-24	25-34	35-49	50-64	65 and and over
Excellent	10.3%	21.9%	16.2%	43.1%	48.6%
Good	51.0	57.5	55.5	43.8	40.1
Fair	34.6	18.1	23.5	8.2	5.7
Poor	2.0	2.2	3.9	3.8	—
Very poor	2.1	—	0.4	—	2.9

Upper income households generally rate the service they receive at restaurants as good. Fifty-eight percent of those from households with incomes of $30,000 and over indicated that the service they received at their last restaurant meal was good. About two out of 10 of these upper income household members said the service was excellent. Although lower and moderate income individuals viewed the service at restaurants in a favorable manner, a relatively large proportion rated it as poor. Five percent of the individuals from households earning between $15,000 and $19,999, and 3.9 percent of those from households earning under $15,000 reported that the service they received at their last meal out was poor or very poor.

**The Gallup* Monitor of Eating Away From Home *is conducted on a monthly basis to chart trends in eating out behavior for the U.S. population. Telephone interviews are conducted with approximately 1,000 adults 18 years of age and older. Respondents are asked to report on all meals eaten at a restaurant, fast food establishment or any other place where food was purchased, such as a lunchroom or cafeteria at work or school on the previous day. Specifically, individuals are to report on which meal occasion they ate out, the type of restaurant visited and on which day of the week the visit occurred. The interviewing for NRA's service-related question took place between Feb. 26 and Mar. 14, 1982. Respondents were asked to rate the service using a scale of one to ten for all meals eaten out on the previous day.*

Service rating by household income

Service rating	$30,000 and over	$20,000-$29,999	$15,000-$19,000	under $15,000
Excellent	20.7%	22.2%	21.8%	25.9%
Good	58.2	50.5	57.7	46.6%
Fair	15.8	25.4	15.4	23.0
Poor	2.4	1.8	3.8	2.3
Very poor	0.5	—	1.3	1.6

Infrequent patrons view service more favorably. . .

Individuals who eat out less than once a week are more inclined to view restaurant service as excellent, while people who eat out at least once a week view it as good or fair. Nearly four out of 10 of those individuals who do not eat out at least once a week reported that the service they received at their last meal was excellent, compared to less than one-fourth for those who dine out on a more frequent basis. Over half of the people who eat out at restaurants four or more times each week said the service was good and two out of 10 said it was fair. These frequent restaurant patrons may have higher expectations of service than do infrequent restaurant patrons.

Service rating by number of times individuals eat out each week.

Service rating	none*	one	two or three	four and over
Excellent	38.5%	23.5%	24.5%	23.6%
Good	42.3	49.5	48.6	53.6%
Fair	7.7	22.9	21.3	20.1
Poor	3.8	3.0	1.9	2.4
Very poor	—	—	2.2	—

***This group represents infrequent restaurant patrons.**

Patrons more critical of weekend service. . .

Analysis of this data by day of the week reveals that people find weekend service at restaurants to be somewhat lacking. Twenty percent of those who visited a restaurant on a weekend said they received excellent service, and 48.6 percent said they received good service. The corresponding proportions for weekday patrons were significantly higher, 25.5 percent and 51.9 percent, respectively. On the other hand, 26.6 percent of the weekend patrons rated the service as fair, compared to 18.6 percent for weekday patrons.

Service rating for weekdays versus weekends.

Service rating	weekday	weekend
Excellent	25.5%	19.6%
Good	1.9	48.6
Fair	18.6	26.6
Poor	2.2	2.8
Very poor	0.7	0.9

Patrons more likely to receive excellent service at family restaurants. . .

An examination of the service received based on the type of restaurant patronized reveals the service at family-type establishments is more likely to be rated excellent. Twenty-eight percent of the family-restaurant customers said they received excellent service, versus 20.9 percent for fast food customers and 21.4 percent for adult-oriented restaurants. Nearly six out of 10 respondents whose last meal was at an adult-oriented restaurant rated the service good compared to about half of those who visited either a family or fast food restaurant.

Rating of service at all meals nearly equal. . .

Few differences can be seen in the rating of the service received based on the specific meal eaten out — breakfast, lunch or dinner. One out of four of those who ate out for dinner reported the service was excellent, while about as many rated the service excellent at lunch and breakfast.

Breakfast received the largest proportion of good ratings, with 59.7 percent. The respective ratings for lunch and dinner were 48.2 percent and 53.3 percent.

Breakfast and lunch patrons are more likely to be critical of the service they receive at restaurants. A relatively large proportion of breakfast customers (4.6 percent) and lunch customers (3.9 percent) indicated that the service was poor or very poor. These patrons may be under tighter time constraints than dinner patrons and have higher service expectations.

Service rating by restaurant type

Service rating	family type	fast food	cafe-teria	adult oriented
Excellent	28.4%	20.9%	20.0%	21.4%
Good	51.6	30.8	50.0	58.0
Fair	14.4	24.8	25.6	20.5
Poor	3.6	0.8	3.3	—
Very poor	1.5	0.8	—	—

Economic conditions affect eating out habits

Current economic conditions are affecting consumers' eating out habits. Nearly three-fourths of the respondents in a recent survey* say that current economic conditions have affected their decision on which restaurants they visit. The recession, coupled with rising unemployment and declining consumer confidence in the marketplace, is having an impact on restaurant patrons' decision-making process.

Economic conditions have affected where I eat.

Strongly agree	28.6%
Agree	43.2
Disagree	22.8
Strongly disagree	3.6
No opinion/don't know	1.7

When asked their level of agreement with the statement, "Today's economic conditions have affected which restaurants I go to," 28.6 percent strongly agreed and an additional 43.2 percent agreed. Only about one-fourth — 26.4 percent — disagreed with the statement.

Data from the CREST survey also indicate that people have changed the type of restaurant they visit as economic conditions deteriorate, with some consumers trading down to lower priced restaurants, some trading up to higher priced restaurants and some dropping out of the market entirely. (See *Foodservice Trends,* July 1981, May 1980 and March/April 1980.)

Most consumers are not looking for other forms of entertainment to substitute for eating out, but a substantial proportion say they are turning to other types of entertainment as a result of their financial situation. Although nearly half — 48.4 percent — disagreed with the statement, "For financial reasons I am looking for other forms of entertainment rather than eating out" and 6.3 percent strongly disagreed with the statement, four out of 10 indicated that they are turning to other forms of entertainment, including home video games or video tape recorders, rather than eating out.

For financial reasons I am looking for other forms of entertainment rather than eating out.

Strongly agree	12.3%
Agree	28.4
Disagree	48.4
Strongly disagree	6.3
No opinion/don't know	4.6

Lower income households are more likely to have changed eating out habits. . .

Lower and moderate income households have altered their eating out habits more than upper income households have. This probably reflects the fact that lower and moderate income families suffer most during times of high inflation and declining real incomes.

**NRA commissioned a telephone survey in early November 1981 to determine how consumers make the decision to eat out at restaurants. In conjunction with this survey, respondents were also questioned about the effects of current economic conditions on their eating out habits.*

Approximately 800 households were contacted. Only persons 18 years old and older who had eaten out at least once in the past two weeks were interviewed. The results of the more detailed consumer attitude and behavior survey on the decision-making process will be available in early June.

Economic conditions have affected where I eat.

By income range...

	under $20,000	$20,000 $29,999	$30,000 and over
Strongly agree	31.3%	33.7%	17.0%
Agree	45.9	41.6	40.8
Disagree	18.2	22.5	33.0
Strongly disagree	3.0	1.5	7.1
No opinion/don't know	1.5	0.7	2.0

Three out of 10 households with incomes under $20,000 strongly agreed with, "Today's economic conditions have affected which restaurants I go to," and 45.9 percent agreed with it. The proporticns for moderate income households who strongly agreed and agreed with this statement are 33.7 percent and 41.6 percent, respectively, while the corresponding percentages for those in the upper income category are a considerably lower 17 percent and 40.8 percent. On the other hand, four out of 10 of these top income families either strongly disagreed or disagreed with the phrase, versus 21.2 percent and 24 percent for lower and moderate income families, respectively.

Lower income households are more likely than others to be looking for other forms of entertainment rather than dining out at restaurants. Forty-five percent either strongly agreed or agreed with, "For financial reasons I am looking for other forms of entertainment rather than eating out." However, a slightly larger proportion, 49 percent, strongly disagreed or disagreed with the statement. A lower 41.4 percent of those earning between $20,000 and $29,999, and only 33.2 percent of those in the over $30,000 bracket agreed with this phrase. On the other hand, upper income families are least likely to be looking for other forms of entertainment — nearly two-thirds indicated that this statement did not apply to them. Some researchers believe that these more well-to-do families may "trade down" in the type of restaurants they patronize during a recession, but they still continue to dine out as frequently as they did in the past.

For financial reasons I am looking for other forms of entertainment rather than eating out.

By income range...

	under $20,000	$20,000 $29,999	$30,000 and over
Strongly agree	15.5%	10.5%	7.5%
Agree	29.3	30.9	25.7
Disagree	44.6	50.4	53.8
Strongly disagree	4.4	6.3	10.9
No opinion/don't know	6.2	1.9	2.0

Eating out habits change...

Households where children under 13 are present and singles say they have changed their eating out habits more dramatically because of current economic conditions. Nearly four out of 10 (37.8 percent) families with young children strongly agreed with, "Today's economic conditions have affected which restaurants I go to," and an additional 39.7 percent agreed with it. Although only 20.7 percent of the singles strongly agreed with this phrase, an additional 50.6 percent agreed with it. On the other hand, a relatively large proportion of the married couples with no children (28.3 percent) and the families with children 13 and over (28.7 percent) felt that this did not describe them.

Economic conditions have affected where I eat.

By family type...

	single	married no children	children under 13	children 13 and over
Strongly agree	20.7%	27.1%	37.8%	26.7%
Agree	50.6	42.2	39.7	41.8
Disagree	18.0	25.7	18.6	26.7
Strongly disagree	9.6	2.6	2.2	2.0
No opinion	1.0	2.4	1.6	2.7

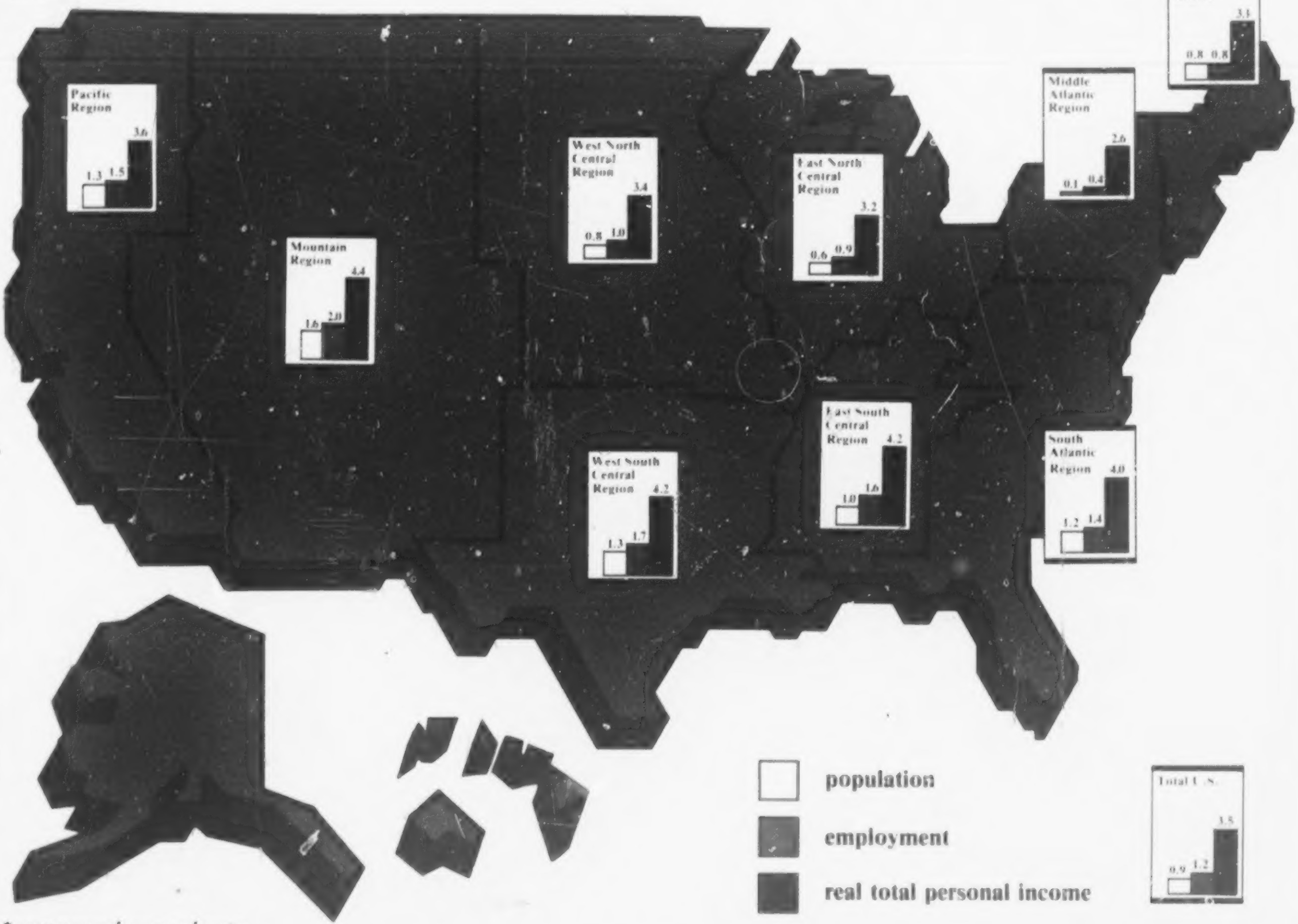
Households with children are also more likely to be looking for other forms of entertainment rather than eating out at restaurants. Nearly half of the households with children under 13 and 37.2 percent of the households with children 13 and over agreed that for financial reasons they are looking for other forms of entertainment. Conversely, over half of the singles and married couples with no children stated that this did not apply to them.

For financial reasons I am looking for other forms of entertainment rather than eating out.

by family type...

	single	married no children	children under 13	children 13 and over
Strongly agree	14.1%	8.1%	17.4%	12.2%
Agree	21.4	26.7	32.5	25.0
Disagree	51.7	51.9	42.6	53.4
Strongly disagree	4.9	6.1	6.0	5.4
No opinion	8.0	7.3	1.6	4.0

Percent change in population, employment and income 1985–1990*


Pacific Region
1.3
1.5
3.6
Mountain Region
1.6
2.0
4.4
West North Central Region
0.8
1.0
3.4
East North Central Region
0.6
0.9
3.2
Middle Atlantic Region
0.1
0.4
2.6
New England Region
0.8
0.8
3.3
West South Central Region
1.3
1.7
4.2
East South Central Region
1.0
1.6
4.2
South Atlantic Region
1.2
1.4
4.0
Total U.S.
0.9
1.2
3.5
☐ population
▨ employment
■ real total personal income

*compound annual rate

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Population, employment and income projected to 1990

Population, income and employment, factors which portray the health of our nation's economy, will fluctuate significantly by state and region during the 1980s, according to projections recently released by the U.S. Department of Commerce's Bureau of Economic Analysis.*

Overall, economic growth will vary considerably throughout the U.S. during the 80s. States located in the mountain and Pacific regions are expected to experience the most rapid gains in employment and population, while areas in the middle Atlantic and New England regions will be among those areas with the slowest growth. Highlights of these projections are presented in the following report.

Nevada leads nation in population growth...

- Nevada is forecast to have the most rapid increase in population — 3.2 percent annually between 1985 and 1990.
- Other states ranking among the top 10 in projected population growth during the last half of this decade, include Alaska, Wyoming, Oregon, Colorado, Florida, Arizona, New Hampshire, Texas and Hawaii.

*Analysis of this information can be helpful to restaurant operators in forecasting sales, determining labor pool availability and understanding how future economic conditions in their own geographic area could affect the industry.

cent, respectively, between 1985 and 1990. Pennsylvania and Massachusetts will have modest gains of only 0.1 percent and 0.3 percent, respectively.

- The mountain region ranks first in population growth with a 1.6 percent annual increase between 1985 and 1990, followed by the west south central and Pacific regions with projected gains of 1.3 percent.
- Population in the middle Atlantic region will experience the slowest increase in the nation with a yearly rise of only 0.1 percent, compared with an average annual increase of 0.9 percent for the total U.S.

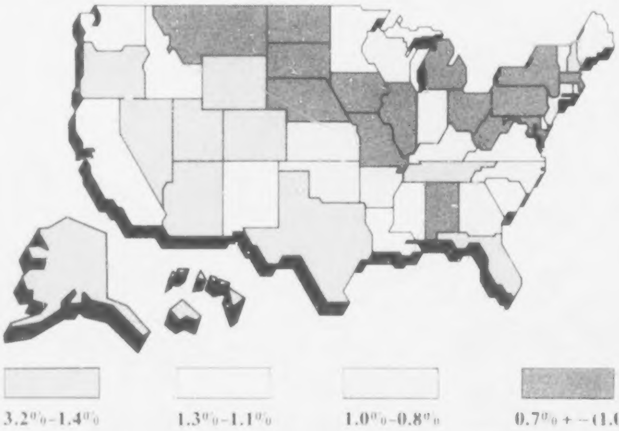
Employment to rise 2.9 percent annually in Nevada and Alaska. . .

- Employment will advance 2.9 percent annually in Nevada and Alaska during the last half of the 1980s.
- Wyoming will experience a 2.2 percent average annual increase in employment, while Colorado, Oregon and Utah are projected to have gains of 2.1 percent.
- Employment growth will be slowest in New York and the District of Columbia with average annual increases of only 0.1 percent between 1985 and 1990.
- The mountain region ranks first in employment growth with a projected annual gain of 2.0 percent. The west south central and east south central regions are expected to experience increases of 1.7 percent and 1.6 percent, respectively.
- Employment growth in the middle Atlantic and New England regions will be the slowest in the nation with an average annual rise of 0.4 percent and 0.8 percent between 1985 and 1990. This compares with a projected gain of 1.2 percent for the total U.S.

Alaska has highest per capita income. . .

- Per capita income in Alaska is forecast to total $9,305 in 1990 — up from $7,233 in 1978.
- The District of Columbia ranks second in the nation in per capita income reaching a projected total of $8,916 in 1990.
- Mississippi's per capita income, which is the lowest in the nation, is expected to equal $5,569 in 1990 — up from $3,721 in 1978.
- Per capita income in the Pacific, east north central and middle Atlantic regions will be higher than the U.S. average of $7,294 in 1990.
- The east south central region will have the lowest per capita income in the U.S., reaching $6,327 in 1990.
- Nevada will experience the most rapid advance in real total personal income (adjusted for inflation) — up 5.3 percent annually during the five-year period — 1985 to 1990.
- Alaska and Wyoming follow with projected annual gains of five percent and 4.6 percent.
- Other states ranking among the top 10 in projected personal income growth include Utah, Colorado, Arizona, Florida, Tennessee, Mississippi and Texas.
- New York and the District of Columbia are forecast to experience the slowest gains in real total personal income of 2.3 percent and 2.4 percent, respectively.
- Real total personal income is forecast to rise 4.4 percent annually in the mountain region in the last half of this decade.
- The west south central and east south central regions are expected to show increases of 4.2 percent yearly in real personal income, compared with 3.5 percent for the total U.S.
- The middle Atlantic region, with a yearly gain of 2.6 percent, will experience the slowest rise in real total personal income in the nation between 1985 and 1990.

Average annual increase in population by state 1985–1990



Source: U.S. Department of Commerce, Bureau of Economic Analysis

More detailed information on labor pool availability, as well as state and regional economic performance during the last half of this decade is available in a new NRA publication, *State Projections to 1990: population, employment and income.* This study includes:

- a population breakdown by age group
- historical data and projections to 1990 for population, employment, total personal income and per capita income
- an executive summary highlighting the forecast for each region.

Those wishing to purchase this publication can order it through NRA's educational materials department in Washington, DC for $12.50 to members. Please specify order number CS970.

Per capita income and total personal income* by state and region, 1978 and 1990

	Per capita income 1978	Per capita income 1990	Total personal income 1978 (000)	Total personal income 1990 (000)
NEW ENGLAND	$5,269	$7,245	$ 64,581,877	$ 95,033,781
Connecticut	5,943	7,868	18,415,615	26,762,260
Maine	4,205	6,009	4,589,067	7,260,360
Massachusetts	5,284	7,354	30,509,833	43,463,831
New Hampshire	4,919	6,818	4,284,583	7,143,655
Rhode Island	4,964	6,976	4,640,295	6,983,017
Vermont	4,401	6,226	2,142,484	3,420,658
MIDDLE ATLANTIC	5,455	7,552	200,898,253	278,473,832
New Jersey	5,850	7,959	42,864,989	63,379,529
New York	5,486	7,507	97,372,914	128,637,903
Pennsylvania	5,163	7,342	60,660,350	86,456,400
EAST NORTH CENTRAL	5,478	7,681	225,863,437	338,463,238
Illinois	5,913	8,242	66,477,485	97,298,058
Indiana	5,135	7,257	27,598,361	42,872,048
Michigan	5,658	7,892	51,990,039	78,075,884
Ohio	5,238	7,437	56,303,731	84,126,923
Wisconsin	5,021	7,013	23,493,821	36,090,325
WEST NORTH CENTRAL	5,071	7,118	86,305,288	131,002,234
Iowa	5,237	7,288	15,165,457	22,343,951
Kansas	5,231	7,260	12,280,929	18,598,191
Minnesota	5,269	7,365	21,119,924	33,709,168
Missouri	4,858	6,917	23,608,954	35,349,847
Nebraska	5,029	6,982	7,872,790	11,655,209
North Dakota	4,955	6,892	3,230,223	4,801,887
South Dakota	4,390	6,281	3,027,011	4,543,981
SOUTH ATLANTIC	4,879	6,910	168,713,782	277,325,915
Delaware	5,687	7,951	3,313,265	5,158,649
District of Columbia	6,399	8,916	4,309,695	5,697,273
Florida	5,052	7,087	43,420,162	77,877,918
Georgia	4,519	6,497	22,976,351	37,131,472
Maryland	5,565	7,754	23,054,499	34,095,000
North Carolina	4,426	6,432	24,686,179	40,436,277
South Carolina	4,195	6,079	12,238,249	20,328,891
Virginia	5,147	7,182	26,497,117	42,414,773
West Virginia	4,419	6,811	8,218,265	14,185,662
EAST SOUTH CENTRAL	4,227	6,327	59,187,692	100,261,269
Alabama	4,217	6,316	15,778,711	25,620,202
Kentucky	4,403	6,711	15,403,913	26,732,278
Mississippi	3,721	5,569	8,944,059	15,083,936
Tennessee	4,374	6,438	19,061,009	32,824,853
WEST SOUTH CENTRAL	[illegible]	[illegible]	107,576,812	182,050,737
Arkansas	4,081	5,952	8,920,331	14,050,883
Louisiana	4,492	6,630	17,815,109	30,091,045
Oklahoma	4,751	6,784	13,638,913	22,181,903
Texas	5,164	7,246	67,202,459	115,726,906
MOUNTAIN	5,001	7,007	51,473,038	92,035,131
Arizona	4,923	6,912	11,588,403	20,944,877
Colorado	5,411	7,501	14,448,728	26,105,472
Idaho	4,716	6,537	4,138,231	6,958,207
Montana	4,610	6,580	3,616,921	5,614,293
Nevada	6,252	8,145	4,147,852	8,320,670
New Mexico	4,399	6,267	5,332,495	8,911,181
Utah	4,396	6,294	5,747,671	10,514,557
Wyoming	5,791	7,880	2,452,737	4,665,874
PACIFIC	5,876	7,870	175,098,815	277,526,465
Alaska	7,233	9,305	2,912,677	5,031,758
California	5,944	7,936	132,519,162	206,030,180
Hawaii	5,643	7,565	4,993,004	8,163,385
Oregon	5,384	7,299	13,157,254	22,862,099
Washington	5,703	7,787	21,516,718	35,439,043
TOTAL U.S.	$5,227	$7,294	$1,139,743,824	$1,772,172,534

*Income is expressed in constant, 1972, dollars.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

CREST REPORT

CREST highlights

- **Customer traffic in U.S. restaurants grew 5.2 percent during the winter quarter despite the recession.**
- **CREST data indicate families were eating out more frequently than during the winter quarter in the previous year.**
- **CREST industry sales increased 12 percent in the winter quarter over sales for the same period during the previous year.**
- **The use of promotions continued to increase — 12.5 percent of the meal occasions involved a promotion in the December-February period, compared with 10.3 percent during last year's winter quarter.**
- **Family restaurants experienced the largest gain in customer traffic during the winter quarter — up 10 percent. Customer counts also increased at coffee shops, fast food and take out restaurants.**
- **Restaurant traffic advanced for each meal occasion during the most recent CREST period. Breakfast posted the largest gain — up 14.6 percent.**

Customer traffic is on the upswing

Customer traffic up 5.2 percent in winter quarter. . .

People are eating out more frequently. During the December 1981-February 1982 period, restaurant customer traffic rose for the fourth consecutive quarter. Despite the recession, traffic was up 5.2 percent in the winter quarter from the same period a year ago. This compares to a much more modest increase of 0.8 percent in the fall quarter and gains of 5.6 percent and 5.3 percent in the summer and spring quarters.

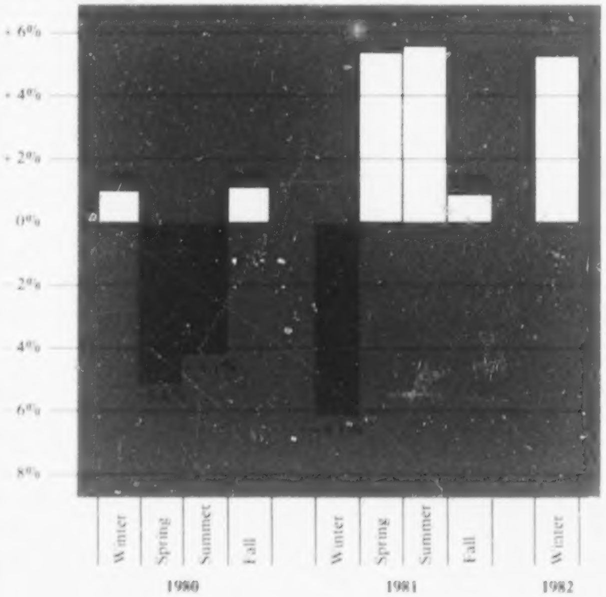
Patron counts during the most recent CREST period have not returned to the level experienced before the 1981 winter quarter when traffic fell 6.1 percent. The winter of 1981 was particularly bad for restaurants. Consumers paid more for gasoline and home heating oil due to decontrol of domestic oil prices. Continued high inflation caused consumers' real incomes to decline or rise only slightly. As a result, families cut back on their number of restaurant visits and some families even dropped out of the market.

During the winter quarter of 1982, the nation was in the midst of a recession and was experiencing high interest rates and increased levels of unemployment, however, inflation, as measured by the Consumer Price Index, dropped well below the double digit levels experienced throughout much of 1981

---

*See explanation of CREST studies on page 24.

Percent change in quarterly customer traffic (Winter '80–Winter '82)



Source: CREST, NPD Research, Inc.

and 1980. Gasoline prices also declined due to the "oil glut" and home heating prices rose only slightly. Disposable personal income increased, and many consumers may have felt an improvement in their overall economic well being. In addition, last-minute Christmas buying, together with a relatively warm February after a bitter cold January, helped spur restaurant sales.

Gallup's "Monthly Monitor of Eating Out", which tracks consumer behavior in the eating-away-from-home market, also reported an increase in the incidence of dining out for these same three months. An average of 35 percent of the people questioned in the December, January and February surveys reported eating out at least once during the preceding day — up from 33 percent in the same period a year earlier. February was a particularly strong month. The incidence of eating out reached a high of 39 percent compared to a substantially lower 28 percent in February of 1981.

It is worth noting that despite gains recorded by both CREST and Gallup, the eating and drinking place sales estimates published by the Bureau of the Census posted dismal growth, averaging about 6.4 percent during the December-February period.

The effect of moderating inflation combined with rising disposable incomes should improve the climate for consumer spending this year. NRA's forecast calls for eating places to experience real sales growth — adjusted for inflation — of two percent in 1982 following a real increase of only one percent in 1981.

Families dining out more often. . .

The average number of times customers visited restaurants rose 3.2 percent in the December-February CREST period over the year earlier. The number of families eating out also increased slightly, helping to strengthen traffic.

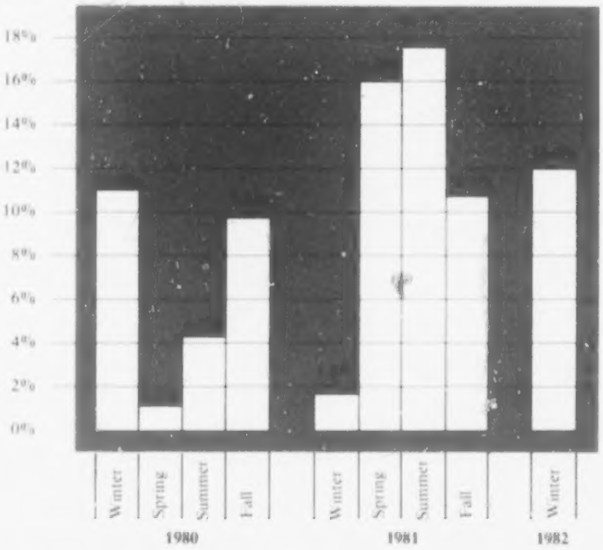
The most significant rise in visit frequency was at coffee shops — up 9.5 percent over the winter 1981 quarter. The frequency of dining out also rose at family and fast food restaurants — 3.8 percent. However, families ate out less often at atmosphere/speciality restaurants as the number of visits fell 2.7 percent from a year ago.

Despite adverse economic conditions, most consumers indicated they are not looking for other forms of entertainment to substitute for eating out. However, some patrons may be trading down to more moderately priced fast food and family restaurants. (See "Economic conditions impact on eating out habits" in this issue.)

Restaurant sales increase 12 percent. . .

CREST sales posted their fourth consecutive quarter of strong growth in the winter quarter. The 12 percent gain in

Percent change in quarterly CREST sales* (Winter '80–Winter '82)



**Sales based on total U.S.; average for two-week period in each quarter*
Source: CREST, NPD Research, Inc.

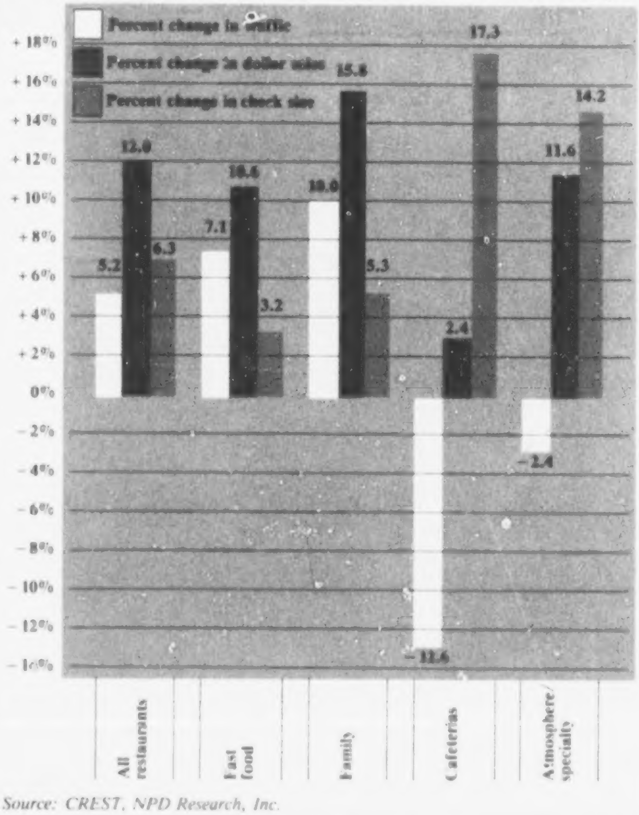
the most recent CREST period follows a 10.3 percent rise in the previous fall quarter and is substantially above the 1.8-percent rise experienced last winter.

The average expenditure for a restaurant meal or snack — per person check size — moderated in the winter quarter, up 6.3 percent from the same period a year ago. This rise approximates the 6.6 percent increase in menu prices measured by the Consumer Price Index (CPI) for food away from home during this same period.

Restaurant operators are continuing to use promotions as a means of building customer counts. In the winter quarter, 12.5 percent of the meal occasions involved a promotion — up from 10.3 percent of meal occasions in the same three-month period in the prior year.

A look at the use of promotions by restaurant type shows that fast food and atmosphere/speciality restaurants use promotions frequently. Promotions accounted for 18.1 percent of the meal occasions at fast food restaurants in the most recent CREST period — up from 14.2 percent of the occasions during the same quarter a year ago. The use of promotions at atmosphere/speciality restaurants increased from 9.6 percent of the occasions in the December 1980–February 1981 period to 11.2 percent in the most recent CREST quarter.

Winter quarter performance by select restaurant type



Source: CREST, NPD Research, Inc.

Family restaurants show most favorable gains. . .

Family restaurants posted the largest gain in customer traffic during the most recent CREST quarter. An increase in the number of visits, combined with more families eating at this restaurant type contributed to the gain. Coffee shops, fast food and take out restaurants also experienced an increase in customer counts during the winter quarter.

Traffic rose 10 percent at family restaurants in the winter quarter from the same three-month period in 1981. Families were visiting this restaurant type more often in the most recent CREST period with visit frequency up 3.8 percent from the same quarter a year ago. In addition, more families were eating out at this restaurant type. Promotional usage was heavy at family restaurants, accounting for 11 percent of meal occasions. This, along with a moderate 5.3 percent advance in the average check size, may have increased the perceived price/value relationship of a meal at family restaurants.

Fast food restaurant traffic rose 7.1 percent in the December–February period, considerably better than the fall quarter's one percent drop. This restaurant type had a high proportion of occasions involving a promotion — 18 percent — in the winter quarter, which may account for some of the increase in the number of visits, as well as the rise in the proportion of families visiting fast food restaurants. The average check size for this restaurant type advanced at a considerably slower rate than for all restaurants in the winter quarter — 3.2 percent compared with 6.3 percent.

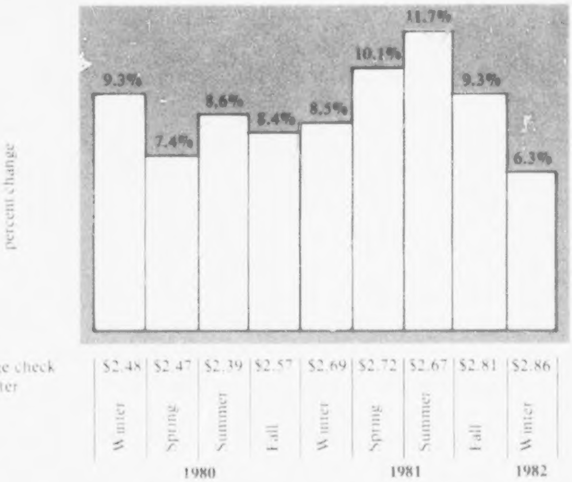
Customer counts were up at take out restaurants and coffee shops during the winter quarter — 8.1 and 6.0 percent, respectively. More families were eating out at take out restaurants in the December–February period, but they were eating out less often as restaurant visits, per family, declined 5.1 percent. On the other hand, families were dining out more often at coffee shops.

Traffic at atmosphere/speciality restaurants fell 2.4 percent during the winter quarter from the same period a year ago. In comparison, patron counts at these restaurants increased 1.7 percent during the fall quarter. Families were eating out less often at this restaurant type as the number of visits declined 2.7 percent.

A recent NRA survey revealed that many consumers say they are changing the type of restaurants they visit because of current economic conditions. This may account for the drop in visit frequency at these upscale restaurants. During the winter quarter, the average check size for this restaurant type rose at a considerably faster pace than for all restaurants — 14.2 percent compared with 6.3 percent. Increased check size also contributed to the decline in customer counts.

Traffic increased for each meal occasion in the most recent CREST period. Breakfast experienced the largest gain — up

Average per person check*
(Winter '80–Winter '82)



**Based on average two-week period.*

Source: CREST, NPD Research, Inc.

14.6 percent from the same period a year ago. Breakfast traffic has increased in all but one of the past 10 quarters. The strong rise in the most recent CREST period indicates this growth will most likely continue.

The advance during the December–February period is primarily the result of families eating out more often for the morning meal as the number of visits was up 2.3 percent. The proportion of families eating out for this meal occasion also increased during the most recent CREST quarter.

Supper traffic rose 6.2 percent during the winter quarter from the same three-month period a year ago. Families were eating supper out more often — visit frequency advanced 5.2 percent. In addition, the number of families eating out for the evening meal increased. Promotional activity for supper rose considerably during the winter quarter accounting for 18 percent of the meal occasions, up from 15.9 percent during the same three-month period in 1981. The below average, 5.9 percent, rise in per person check size combined with heavy promotional activity for this meal period may have increased the perceived price/value relationship and contributed to the strong rise in traffic for the evening meal.

Restaurant traffic for the noon-day meal advanced 2.1 percent during the winter quarter from the same period in the prior year. This compares with a somewhat faster gain of 3.8 percent in the prior fall quarter.

Customer counts for snacking occasions advanced 5.4 percent in the most recent CREST period from the winter quarter a year ago. This advance is due primarily to an increase in the number of families eating out. The average check size for this meal occasion rose a moderate 3.1 percent in the December–February period compared with a 6.3 percent gain for all restaurants.

WHAT IS CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry. While the study does track chain trends, a great deal more is available, including information by type and classification of restaurant and also by meal or snack period.

Some 10,000 families, or approximately 30,000 persons, are chosen to reflect the U.S. and participate in the study. Each family is asked to record restaurant experiences for a particular two-week period for each of the four quarters during the year. Because the study is repetitive, it allows an excellent opportunity to follow changing trends.

In order to properly complete the CREST diary, several steps are involved. Step 1 requires a daily entry for each meal during the two-week period for each household member. Whenever the code for restaurant purchases appears, the participant is asked to elaborate on the occasion by making further entries in the diary.

The second portion of the diary is used only if a household member ate or obtained food prepared away from home in establishments such as restaurants, hotels and motels, fast food/drive-ins, delicatessens, refreshment stands, carryouts, coffee shops, donut shops, ice cream shops, or eating places inside variety stores, or other retail stores. The diary will not include any meals eaten at schools, hospitals, colleges, or other institutional feeding places. When the two-week reporting period is complete, the diary is returned to NDP Research, Inc.

The CREST study is a joint effort of individual foodservice organizations acting in concert to fund a study perhaps beyond the economic reach of any of the individual participants. NRA is solely a participant in this study and not a sponsor. Readers wishing more information on how to participate in the CREST study should contact NPD Research Inc., 9801 West Higgins Road, Rosemont, IL 60018.

The CREST study is designed to provide information on customer behavior, not attitudes. This study will, therefore, provide the user with information on how much people spend, where they spend, what they spend on, etc. It will not tell people's attitudes toward a particular issue. It will, because it is an ongoing study, allow comparison against a standard or the development of trend analysis, and enable the operator to make decisions based on documented trends rather than casual observation.

Industry index

Sales at eating and drinking places increased 6.6 percent in March 1982, from the same month in 1981. This compares with a slower gain of 4.2 percent during January.

Eating place sales advanced 7.2 percent in December from the same period in 1980, however, they experienced no real growth. Total 1981 real sales growth for eating places was, however, 0.8 percent. NRA forecast eating places to experience positive real growth of 1.0 percent in 1981, representing the first increase in two years.

Menu prices (Consumer Price Index for food away from home) continued to moderate in February, increasing 5.8 percent from the same month a year ago. This compares with a faster gain of 6.7 percent in January.

Prices for food at home have been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics' Consumer Price Index. Food at home rose only four percent in February from the same month a year ago, slightly faster than the 3.6 percent gain experienced in January. Menu prices are rising at a much slower pace than the overall rate of inflation, however.

Retail sales (000,000)

	Mar. 1982	percent change vs. Mar. year ago	year-to-date sales 1982	percent change vs. year ago
All retailers	$86,025	2.4%	$238,512	1.8%
Eating & drinking places	8,120	6.6	22,659	6.5
Food stores	20,134	7.2	58,693	6.0

Source: Bureau of Census, unadjusted data; subject to revision

Eating place indicators (000,000)

	Dec. 1981	percent change vs. year ago	year-to-date sales	percent change vs. year ago
Eating place sales	$6.947	7.2%	$82,859	9.8%
Real eating place sales (Dec.)	—	0%	—	0.8%

Sources: Bureau of Census, Bureau of Labor Statistics, NRA calculations; subject to revision

Consumer prices

	percent change vs. Feb. year ago	percent change 1982 to date vs. year ago	
Food at home	4.0%	3.8%	
Food away from home	5.8	6.2	
All items less food	8.3	8.8	

Source: Bureau of Labor Statistics

Employment and earnings

	Jan. 1982	percent change vs. year ago
Total employment	4,739,400 employees	3.9%
Non-supervisory employment	4,353,200 employees	3.9
Non-supervisory average hourly earnings	$4.08 per hour	4.6
Average weekly hours	24.6 hours	−2.8

Source: Bureau of Labor Statistics

HOT OFF THE PRESS

Keeping up with your operation

The Restaurateur's Guide to Electronic Cash Register Selection

If you are a restaurateur and have not bought an electronic cash register yet, it is only a matter of time. Most operators have found electronic cash registers improve operations, reduce costs, increase revenues and, foremost, build up profit. This guide will lead you through 10 steps and systematically increase your knowledge of electronic cash registers. It will help identify the restaurant's needs and will effectively match a cash register system to the operation. Expected publication date is July 1982. Order now; Order #MG152. Member price $25.

How to Use
The Uniform System
of Accounts
For Hotels and Restaurants
UNIFORM SYSTEM OF ACCOUNTS
FOR RESTAURANTS
THE LEGAL PROBLEM SOLVER
FOR FOODSERVICE OPERATORS
Clyde L. Griffith

The Legal Problem Solver

Today, the foodservice operator is faced with a jungle of laws and regulations that have affected virtually every operational decision he must make. Failure to solve these problems, in a manner in compliance with the law, can be extremely expensive in the long run. *The Legal Problem Solver* explains, in non-legal language, operators' problems and outlines viable solutions. It is not intended as an all-inclusive legal treatise on restaurant law and should only be used as an addition to advice provided by your attorney. Order #MG410; member price $14.50.

Uniform System of Accounts for Restaurants

The primary objective of the *Uniform System of Accounts for Restaurants* (USA) is to help the operator of the smaller restaurant to interpret his results and financial position. At the same time the uniform system can be used by the large restaurant. Order #MG 936; member price $14.95.

How to Use the Uniform System of Accounts For Restaurants

The basic purpose of this book is to amplify topics presented in *The Uniform System of Accounts for Restaurants.* It is intended to add to your understanding of basic accounting. Also included in this book are two practice sets: one for restaurants and one for hotels. The practice sets are designed to follow the prescribed methods set forth by *The Uniform System of Accounts.* They illustrate the varying types of transactions involved in keeping a set of books for a typical medium-sized restaurant, a large motor hotel, or a small hotel. Order #372; member price $7.50.

AT YOUR SERVICE

Increase productivity by increasing participation

Data compiled by the Bureau of Labor Statistics reveal employee productivity in eating and drinking places has been steadily decreasing since the mid-1970s. These figures suggest that restaurant operators need to renew their efforts to motivate their employees.

NRA's *First Day* brochure, with its checklist designed specifically for managers and owners to orient new employees, provides an excellent opportunity to begin your employee motivation program. By clarifying potential operational problems on the first day, many misunderstandings can be eliminated. The checklist in the *First Day* covers basic areas such as payroll policies, work schedules, breaks and meals, dress codes, performance reviews and promotions. (For copies of the *First Day* contact NRA's educational materials department.)

The key to successful orientation, training and day-to-day operations lies in motivation.

A recent survey by *Restaurants & Institutions Magazine* suggests that money is losing its importance as a motivator, while a feeling of accomplishment is gaining significance. Employees were asked:

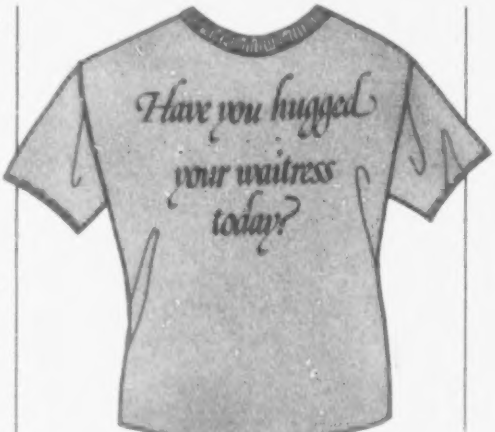
"What is the most important reward you get from your job?"

	1978	1979	1980	1981
Feeling of accomplishment	60.1%	63.6%	71.5%	70.8%
Serving others	26.4	11.0	22.9	21.6
Money	19.9	18.2	17.3	16.8
Competing/ winning	15.8	4.9	11.3	10.3

Source: Restaurants & Institutions Magazine

In determining the techniques that will best suit your operation, NRA's list of 50 tips for encouraging employees to work productively can assist. Here are a few of the tips.

- Set aside a reserved table for the dish crew in the employee break area.


Have you hugged your waitress today?

- Frequent "award" and "reward" ceremonies: formal rites, like the "Purple Heart" for those wounded in the line of duty. . . a medal plus their very own Aloe plant.
- Name an employee of the moment and take a picture with a Polaroid camera so you can catch them at their finest hour.
- Recognition programs or rewards for doing something right, such as gift certificates for food in the restaurant.
- An employee library stocked with travel magazines, cookbooks, slides, films, etc.
- Memory training — name, face, recognition — one of the single most important factors for building repeat business.
- Take a productivity "walk-through" at random times throughout the shift. Make notes of how many employees are productively employed and how many are not.
- Measure productivity on a predetermined consistent basis, i.e., sales per hour or sales per labor dollar.
- Break down the psychological barriers between the front of the house and the heart of the house. Have short-term reassignments, cross-training, general tastings (so everyone knows what items taste like) and similar cooperative ventures.
- Personalize life at your restaurant for employees. Try business cards, name tags that mean something, matches, pencils, T-shirts, jackets, your menu on a T-shirt, etc.
- Promote fitness within the staff. Include exercises, health club memberships, contests, races and group diets.
- Provide your employees with a score board, and post the end results — reward for excellence.
- Conduct field trips to other restaurants. This provides informal opportunities that let employees see how others do things.
- Start clubs within the restaurant for exceptional performers: high sales club, most productive kitchen workers and so on.
- Name some of your items in honor of your employees.
- Honor "world records" set in your restaurant: "most sales ever on a single shift," "most consecutive nights with perfect steak sheets," "most fudge nut delights sold in one night," etc. Be creative with prizes, awarding anything from a canoe to a weekend in New York.
- Reward positive performance adequately. Everyone deserves merit increases.
- Provide essential information to employees who can do something about changing things for the better.
- Assign different employees the responsibility of becoming specialists in certain areas of the operations: sanitation, wine, etc.

For more information concerning employee motivation and productivity, contact NRA's information service and library, 311 First Street, N.W., Washington, DC 20001.

NRA SEMINAR SCHEDULE

Practical Accounting for Foodservice Managers

Jul. 19	Milwaukee, WI

Food & Beverage Operations Auditing

Jun. 10	Los Angeles, CA

Bar Management

Jun. 7-9	Washington, DC
Jul. 12-14	Dallas, TX

Basic Supervision

Jun. 15	Denver, Co
Jun. 17	Las Vegas, NV
Jun. 28	Tampa, FL
Jun. 30	Washington, DC
Jul. 13	Phoenix, AZ
Jul. 20	San Diego, CA

Budgeting and Profit Planning

May 22	Chicago, IL, NRA Show

Computers

May 22	Chicago, IL, NRA Show
Jun. 7	Dallas, TX
Jun. 9	Phoenix, AZ

Controlling Beverage Costs

Jul. 6	Philadelphia, PA
Jul. 12	Louisville, KY
Jul. 26	Boston, MA

Controlling Food Costs

May 22	Chicago, IL, NRA Show
Jun. 21	Chicago, IL
Jun. 23	St. Louis, MO

Controlling Labor Costs

Jul. 7	Oakland, CA

Creative Merchandising Techniques

Jun. 24	St. Louis, MO

Dining Room Management

Jun. 7	Hartford, CT
Jun. 9	Rochester, NY
Jul. 12	Des Moines, IA
Jul. 14	Omaha, NE
Jul. 19	Detroit, MI
Jul. 27	Buffalo, NY

Fish and Seafood

May 19	Los Angeles, CA
Jun. 15	Detroit, MI
Jun. 17	Milwaukee, WI
Jul. 6	Savannah, GA

Hiring Hourly Employees

May 22	Chicago, IL, NRA Show
Jun. 28	Seattle, WA
Jul. 27	New Orleans, LA

Improving Food Production Methods

Jun. 15	Minneapolis, MN
Jun. 21	Honolulu, HI
Jun. 24	Portland, OR
Jul. 29	Cincinnati, OH

Kitchen Management

Jun. 7	Chicago, IL
Jun. 22	Boston, MA
Jun. 24	King of Prussia, PA
Jul. 6	Albany, NY
Jul. 7	New York City, NY
Jul. 26	Austin, TX
Jul. 28	Dallas, TX

Location! Location! Location! How to Successfully Negotiate and Finance Your New Operation(s)

Jul. 21-22	Kansas City, MO

Management Recruitment and Selection

May 22-23	Chicago, IL, NRA Show

How to Research and Analyze Your Customers, Sales, and Competition

Jun. 14	Houston, TX
Jul. 21	San Francisco, CA
Jul. 22	Portland, OR

Marketing for Profit

May 22-23	Chicago, IL, NRA Show
Jul. 7-8	Atlanta, GA

Practical Meat Workshop

Jun. 21	Los Angeles, CA
Jun. 23	San Francisco, CA

Menu Development

May 22	Chicago, IL, NRA Show
Jun. 3	Hyannis, MA

Off Premise Catering

May 22-23	Chicago, IL, NRA Show

Operational Analysis

May 22-23	Chicago, IL, NRA Show
Jul. 14-15	Minneapolis, MN

Performance Review

May 23	Chicago, IL, NRA Show
Jun. 29	Seattle, WA
Jul. 28	New Orleans, LA

Real Estate and Site Selection

May 22-23	Chicago, IL, NRA Show

Restaurant Design and Facilities Planning

May 22-23	Chicago, IL, NRA Show
Jun. 1-2	Atlantic City, NJ

Soups & Sauces Workshop

Jun. 14	Orlando, FL
Jun. 17	Williamsburg, VA

How to Turn Your Restaurant Business into a Private Tax Shelter

May 22-23	Chicago, IL, NRA Show
Jul. 27-28	Boston, MA

National Conference on Human Resources

Jun. 21-22	**Washington, DC**

For more information, contact NRA's seminar department, 311 First St., NW, Washington, DC 20001; call (202) 638-6100 or (800) 424-5156.

NRA NATIONAL RESTAURANT ASSOCIATION

NRA National Conference

HUMAN RESOURCES IN FOODSERVICE

EMPLOYEE RELATIONS — THE CHALLENGE OF THE 80s

- ★ TRAINING PROGRAMS
- ★ MANAGEMENT POLICIES
- ★ LEGAL ISSUES

WN 05/10 MEMBER#81L004WF
STATISTICAL REFERENCE IND
CONGRESSIONAL INFO SERVICE
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

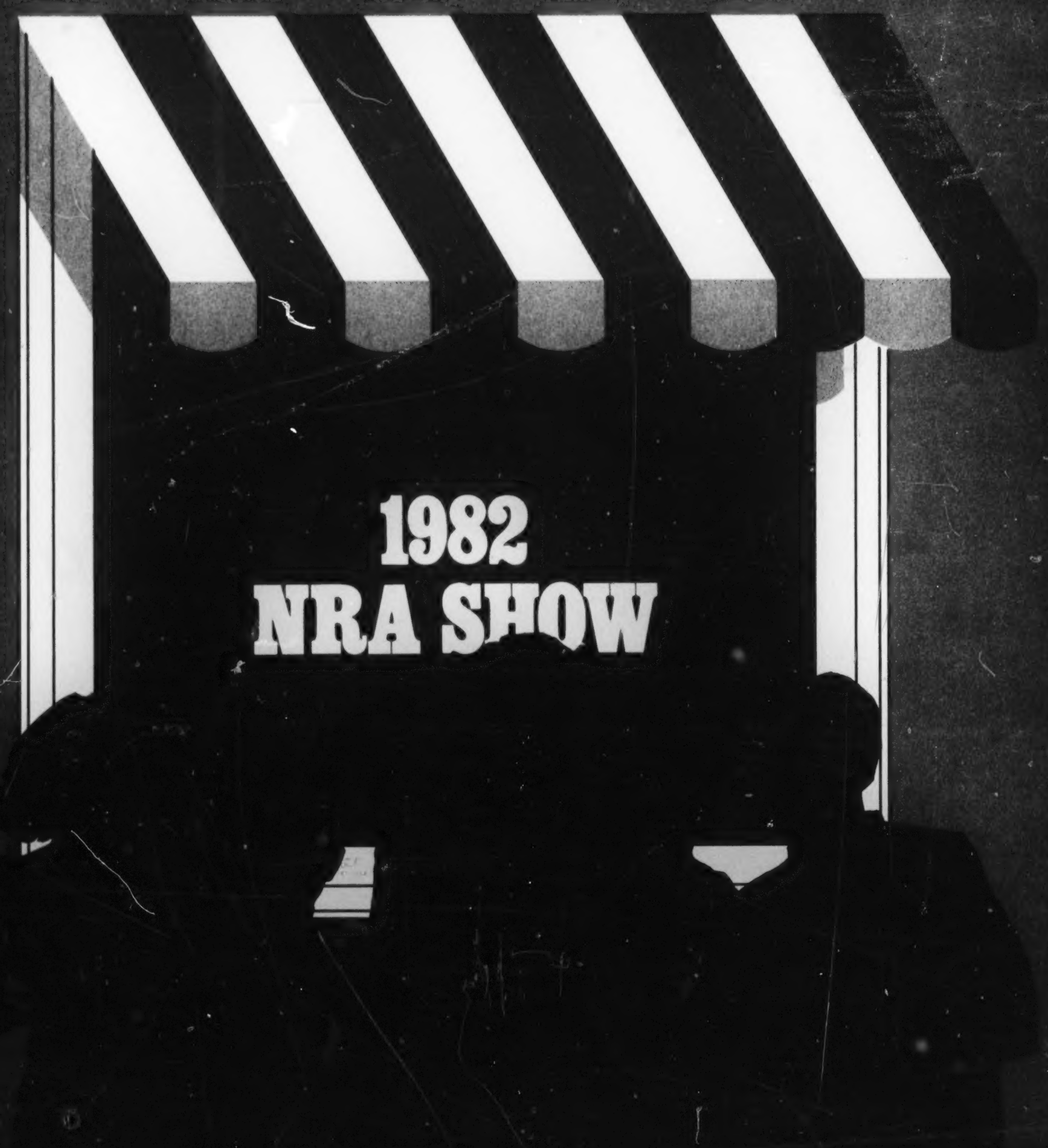
Washington, DC
June 21-22, 1982

A8200-1 5/10/82

National Restaurant Association

Vol. 2 ☐ No. 6 ☐ June/July 1982

NRA NEWS



1982 NRA SHOW

New President Dankos concerned with hospitality, foodservice voice in Congress

I am excited about two new NRA projects, and I would like to share that excitement with you.

One priority project is our new key contact program. It will work something like this. We are going to identify those congressmen and senators who are most often involved with foodservice issues. Then we will attempt to find members who live in the state or district of these congressmen. These NRA members will serve as "key contacts." They will try to get to know their congressmen: They will invite their congressmen to their restaurants and talk to them about our industry and its problems. They will also visit their congressman's office and get to know their aides.

So when it comes time to tell our views on legislation or regulation these "key contacts" will become the spearhead of our lobbying effort. We will call on them to contact their congressional representatives and let them know how this bill or that ruling will hurt or help our industry. Through this kind of grassroots political action, NRA intends to see that your interests are considered whenever laws and regulations are being drafted.

The other priority project concerns foodservice operations—in particular, how we treat our guests. A new NRA survey shows that "friendly service" is what promotes repeat business. But our employees are not always as courteous or sympathetic as they might be. It is a problem we must solve.

The 1982 NRA Board has decided to focus on foodservice hospitality. It has engaged an outside firm to develop two training programs—one to train managers to train employees and another in-house seminar which will train employees directly. This new program will be researched and developed this year, and the seminars will be launched at the NRA Show next May.

NRA will also develop backup materials for these seminars—how-to manuals, filmstrips, posters, table tents and pins. There will even be a certification program for all employees who participate.

These are just two of the projects NRA is developing to serve you better. There will be others to meet the diverse needs of our membership. As you know, the foodservice industry includes large firms and small. It includes people who have been involved in foodservice for years and people who opened their first restaurant last month. NRA tries to serve them all. I will be in touch with you in the months to come about what NRA is doing to supply leadership for all our members—whatever their scope, experience or priorities.

Sincerely,

John G. Dankos

John G. Dankos
President & Chairman of The Board

NRA NEWS

Officers
Chairman of the Board
John G. Dankos
Vice Chairman
Joe R. Lee
Treasurer
Harris O. Machus
Chief Staff Officer
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
John F. Cauley
Robert T. Clift
James A. Collins
Walter Conti
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
William Ray Lackey
Jack A. Laughery
Michael O'Neal
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Executive Editor
Steven J. Dahllof
Editor
Sylvia Rivchun
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Staff Contributors
Walter Ashcraft
Joan E. Campbell
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Bette B. Hoyt
Art Miller
Susan F. Mills
Jay H. Morris
Robert A. Palmer
Tina Packard
Andrew P. Poledor
James T. Rogers
John R. Rolfs
Rachel A. Zachary

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600,
Chicago, IL 60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $125 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright ©NRA 1982, all rights reserved. Postmaster, send address change to NRA News, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Cover Story

There's nothing quite like the NRA Show. Acres and acres of products—featuring everything from aprons to zucchini—are ready to be touched, tasted, smelled, compared and discussed. At seminars, in competitions, on the display floors, there are people to meet, new things to do—and lots to take home. Even if you didn't make it to Chicago in May, you can get a feeling for the excitement and upbeat tempo of the 63rd annual Restaurant, Hotel-Motel Show by reading the *Show Report*. It begins on page 5.

5 Patriotism, optimism set the tone

6 **The Show:** More to see, taste, discuss

8 **Trends** from the exhibit floor

10 *NRA News* chats with new **NRA President Dankos**

12 Getting into the swing of things

13 **Ringside** cooking, dining and critiquing

14 The **seminars:** Management know-how, cafeteria-style

15 A seminar sampler

17 Taking a bow at the Show

Specials

18 **Importing People**—interview with an immigration expert

23 The Foodservice Industry **1980—an indepth look** (it's been uphill since then)

Departments

Short Orders 2 Roll out the carpet for **Grandparents Day**

Washington Report 3 NRA opposes new bill that would toughen **FLSA violation penalties**

Boardroom Report 4 **New NRA officers** predict industry sales gain

State Department 22 Ohio Restaurant Association fights **syrup tax**—and wins

Foodservice Trends 39 **Summer travel outlook** favorable to foodservice industry

Technical Services 40 New study begins on **energy consumption** in restaurants

Fire up your kitchens for Grandparents Day, September 12

Mothers Day has been setting restaurant sales records for years. But competition may be on the way. The National Council for the Observance of Grandparents Day is working harder than ever to build national recognition and observance of Grandparents Day, which occurs on the first Sunday following Labor Day. This year the holiday falls on September 12.

The National Restaurant Association is joining forces with other groups to promote Grandparents Day. Next month's issue of *NRA News* will take a closer look at the holiday and its origins. NRA also is placing feature stories in newspapers across the country to build consumer recognition and is preparing table tents so foodservice operators can do some advertising of their own. If you would like to plan a promotion, be on the lookout for the order form for these table tents. In addition, you can order posters, counter cards and badges that have been prepared by the National Council for the Observance of Grandparents Day. For a brochure that describes these products, call the National Clothier Service toll-free at (800) 621-4118.

If you live in Illinois, the toll-free number is (800) 972-3608.

SHORT ORDERS

Beef grading update

NRA continues to fight USDA's plan to downgrade federal beef quality standards even though the official public comment period on the controversial proposal ended March 31. NRA Director Ralph Evans of Evans Farm Inn in McLean, VA was recently a guest on "Up on the farm," a 30-minute television show produced by the Maryland Center for Public Broadcasting. Evans discussed the proposal and its implications.

USDA has not yet announced its decision on this issue. It reportedly has had to revise its evaluation guidelines in the wake of a flood of consumer protests: 3,860 letters were received during the comment period with nearly 75 percent coming from the general public.

Director G. "Jim" Hasslocher of Frontier Enterprises in San Antonio, TX and chairman of NRA's Ad Hoc Beef Grading Committee, said he was not surprised at the turn of events. "It was only natural the general public would feel their ability to choose between flavorful marbled meat and lean economical meat is being threatened," he said.

Hasslocher called on the beef industry to stop eroding customer confidence in product quality and to broaden beef's appeal in the market place. "Beef consumption is down and NRA is most concerned about this trend. Restaurateurs have traditionally been the beef industry's best promoters . . .and we'd like to keep it that way," he stated.

"The restaurant industry continues to maintain that the federal beef grading system must have integrity within the grades. . .that each grade must be narrow enough to denote a specific and identifiable quality of product," Hasslocher concluded.

Four restaurateurs win small business awards

Four restaurateurs have been named Small Business Person of the Year in their respective states. These prestigious awards are presented annually by the Small Business Administration to entrepreneurs who have made outstanding contributions to the small business community.

Three of this year's four winners are NRA members. German-born Erwin Asam, president of Asam Enterprises, owns and operates the Bavarian Inn in Shepherdstown, West Virginia. His sales have more than tripled since 1977, when he took over the restaurant.

Mary C. Mahoney, president of Mary Mahoney's Inc. in Biloxi, Mississippi, owns and operates a restaurant complex built around a house dating from the 1700s. The restaurant employs 125 people and features gulf coast seafood with creole accents.

Kay L. Riordan, president of Mountain Company Inc. in Keystone, South Dakota, converted a log cabin at the foot of Mount Rushmore into a 30,000 square foot dining room and gift shop. Riordan employs 150 workers and represented South Dakota at the White House Conference on Small Business.

The fourth restaurateur to win the small business award was Siew Po Hao, owner of the China Inn Restaurant in Knoxville, Tennessee.

Three NRA members won Small Business Person of the Year awards for their respective states. They are Erwin Asam, Mary C. Mahoney and Kay L. Riordan.

WASHINGTON REPORT

Immigration bill moving quickly through Congress

Legislation to reform the nation's immigration laws is now moving quickly through Congress. Known as the Immigration Reform and Control Act of 1982 (S. 2222, H.R. 6514), the bill has been approved by the Senate Judiciary Committee. Approval by the House Judiciary Committee is expected shortly. NRA opposes the bill's complicated verification procedure and employer sanctions, which apply the same stiff penalties whether an illegal alien is hired by an employer intentionally or inadvertently.

Under the bill, employers would be required

- to demand two kinds of identification from every job applicant
- to determine whether the identification presented appears on its face to be valid
- to sign a form stating the applicant's eligibility to be employed has been verified
- to have the applicant sign the same form to attest that he or she is legally employable and
- to keep these records for at least five years.

Failure to follow this procedure would result in a $500 civil penalty for each person hired, including U.S. citizens.

Employers who knowingly hire an illegal alien would face an escalating set of penalties, phased in over a three-year period. There would be no penalty during the first six months after enactment and only a warning for a violation in the next six months. But civil fines of $1,000 and $2,000 per individual would be imposed for the first and second violations after the warning, and a criminal penalty of up to $1,000 and/or imprisonment of up to six months could be imposed for a third violation. Employers of three or fewer employees would be exempt from the penalties. A criminal penalty would be exacted only if it were determined that an employer had engaged in a "pattern or practice" of knowingly hiring illegal aliens.

NRA has testified against employer sanctions on numerous occasions. It is particularly troubled that once again employers are being asked to shoulder an enforcement burden that rightfully is the responsibility of the government and that, even though the burden of proof of violation rests with the government, employers would have to bear the expense of proceedings.

NRA has joined other business groups in working to have the verification and penalty provisions eliminated from the bill. For more information on this legislation, see the interview on page 18 and contact the NRA Government Relations Department (800-424-5156).

Miller bill would toughen FLSA violation penalties

The NRA Board of Directors voted at its May meeting to oppose legislation now being considered in the House that would require employers who violate the Fair Labor Standards Act (FLSA) to pay a fine *three* times the amount owed an employee in back wages or overtime. The bill, H.R. 6103, was introduced by Rep. George Miller (D-CA), chairman of the House Labor Subcommittee on Labor Standards. Full committee consideration of the bill was imminent as this *NRA News* went to press.

Under the bill, employees would still be paid only the amount they are owed in back pay plus interest. But the employer would pay the government triple that amount, even if the employee could not be found. Under current rules if an employee cannot be found, the employer does not have to pay the back wages.

NRA and other business groups are concerned about the Miller legislation for several reasons:

(1) There has been no real employer input during the hearing and markup process.

(2) The bill's fines are excessive, rendering enforcement punitive rather than compensatory. NRA believes there is no reason to impose such a severe penalty on employers, particularly since most are acting in good faith. Such a penalty would also jeopardize the voluntary settlement process that now exists between employers and the Department of Labor.

(3) Because the FLSA is so complicated and subject to dramatic change with little notice, the bill would be unfair to employers. The Minimum Wage Study Commission concluded in 1981 that nearly three out of four FLSA violations *do not* involve noncompliance but represent miscalculation of highly technical FLSA exemptions. The Commission also found that the overwhelming majority of all FLSA noncompliance is unintentional—only a small fraction is truly "willful."

NRA has been working with a group of business organizations to prevent the bill from being considered by the full House.

TJTC extension possible

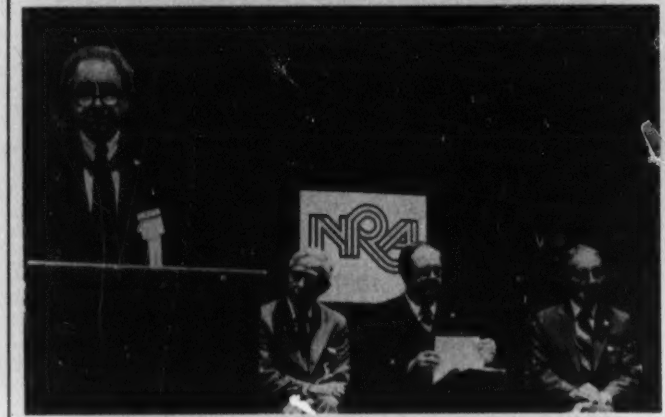
Senators John Heinz (R-PA) and Pete Domenici (R-NM) have introduced bill S. 2455 to extend the Targeted Jobs Tax Credit (TJTC) for five years. The current TJTC program—which gives employers tax credits for hiring employees from nine targeted groups—will expire after Dec. 31, 1982 unless Congress extends it. Because a large number of foodservice employers use the credit, NRA has been working with a coalition of business groups interested in seeing the credit extended.

S. 2455 would extend TJTC through the end of 1987. It would also make two changes in the current program:

(1) All cooperative education students would become eligible for the credit.

(2) In order to further restrict abuse, the credit would not be allowed for persons who have worked for the same employer within the last 180 days.

THE BOARD ROOM


New NRA President John Dankos answers questions from the press, while other new officers listen. They are (from left) NRA Executive Vice President Robert Neville, Vice President Joe Lee and Treasurer Harris Machus.

New NRA officers predict industry sales gain

"Despite the softness of the economy, the foodservice industry as a whole is experiencing real growth," newly-elected NRA President John G. Dankos told representatives of the national and trade press.

Dankos spoke at a press conference held during the NRA Show in Chicago. At his side were newly-elected NRA Vice President Joe R. Lee and newly-elected NRA Treasurer Harris O. Machus.

"I know the economy has been rough and that some firms have seen a dip in sales," Dankos said, "but the national figures assembled and evaluated by NRA researchers show that the industry as a whole has been making steady gains."

Dankos, who is president of Dankos Enterprises, Inc. in Richmond, Virginia, reported that during the sluggish winter months the foodservice industry experienced a sales increase of about one percent in real dollars. (Real dollars indicate figures corrected for inflation.) CREST reports that customer transactions were up by 5.2 percent during roughly the same period.

Breakfast sales continued to show the greatest increase among meal occasions with a 14.6 percent gain. Dankos said that this growth continues a two year trend.

Lee, who is president of the General Mills Restaurant Group in Orlando, Florida, told the press that the first quarter figures confirm the NRA prediction of a one to two percent gain in sales for all foodservice outlets in 1982.

"Moderation in the inflation of menu prices may have something to do with the industry's sustained growth," Lee suggested. Menu prices have risen by only six percent this year instead of the predicted nine percent. Customers perceive they are getting value for their dollar when menu prices rise more slowly," Lee added.

All the new NRA officers agreed that a more significant explanation of the sustained growth in foodservice sales is a new perception of the industry. "People have come to regard restaurants as a necessity not a luxury," Lee pointed out. The growing segments of the population—singles, working couples, senior citizens—find meals away from home a necessity.

"These groups may trade down during periods when discretionary funds are scarce, but they don't leave the market altogether," pointed out Machus, president of Harris O. Machus Enterprises in Birmingham, Michigan.

The steady growth of these groups, Machus added, suggests a bright future for the foodservice industry.

Dankos, Lee and Machus were elected to their respective offices during the general business meeting at the NRA Show on May 24. They will serve as the association's top leadership for a one-year term.

In one of his last functions as NRA 1981 president, Walter Conti receives "Delft" plate to commemorate 200 years of unbroken diplomatic trade relations between the U.S. and the Netherlands.

New directors for 1982–83

New directors of the NRA Board for 1982–83 are:

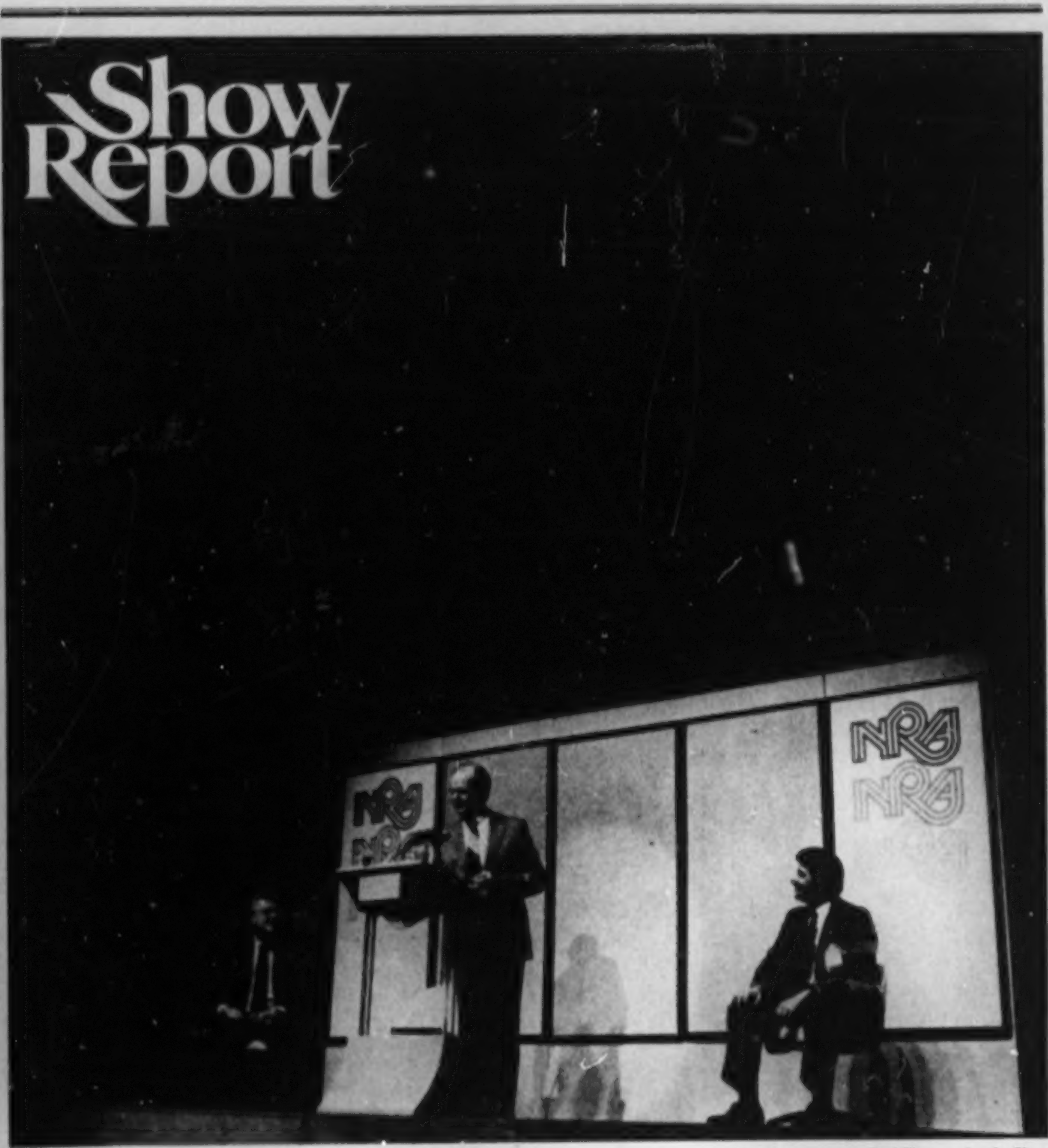
- Guss Dussin (Old Spaghetti Factory)
- John R. Farguharson (ARA Services, Inc.)
- Harry Klingeman (Indian Trail Restaurant)
- Robert M. Rosenberg (Dunkin Donuts of America, Inc.)
- Marshall Scott (KFC/Marshall Scott Enterprises)
- Robert S. Wood (Bob Evans Farm Foods, Inc.)

Thad Eure wins IFMA silver plate

Past NRA president Thad Eure, Jr., president of Creative Dining, division of General Mills Restaurant Group, won a silver plate award from the International Foodservice Manufacturers Association (IFMA).

Other NRA members winning silver plates were Maxine O. Anderson, university food services, Stanford University; Ernest E. Renaud, president, Long John Silver's, Inc.,; Albert V. Wood, director of food services, Los Angeles unified school district; and Richard Ysmael, director of employee services, Motorola, Inc.

Show Report



Optimism, patriotic zeal and industry pride set the tone for the 63rd annual NRA Restaurant Hotel-Motel Show. At the opening session outgoing NRA President Walter Conti inspired Show participants with his observation: "We are essential to America. America likes a job well done and that's what we give—quality food served by hospitable people."

General session speakers Paul Harvey and George Will both continued the focus on doing good for America. "Self-government without self-discipline is self-defeating," cautioned well-known radio personality Paul Harvey.

News commentator Paul Harvey wins the Show crowd over with his patriotic appeal. Two of his biggest fans: 1981 NRA President Walter Conti (left) and NRA Convention Chairman Ted Balestreri.

The Show: More to see, taste and discuss

With 110 more exhibits this year than last, foodservice operators had more to see, taste and discuss at the NRA Restaurant Hotel-Motel Show than ever before. Three floors of Chicago's McCormick Place were jam-packed with new ideas and products. There was something for everyone—from a pizza oven without a door to a modular computer system to a breakthrough in packaging for butter, honey or jam, to a technique for keeping wines on tap to animated life-size characters (which promise to be a hit with children at restaurants) to new ideas for designing menus, signs and restaurant space.

There were foods and drinks to sample—some popular favorites such as ice cream and chicken to less well-known products such as the hazelnut liquor Frangelica. There were uniforms, grease cleaners, ovens, dishes, cabinets, chairs, herbs, napkins, food supplies, doors, menu boards and placemats plus anything else an entrepreneur might need to fully equip a foodservice operation. There were consulting, employment and design services ready to create a dream restaurant or to update an existing operation.

Although some products and services were represented by only one company, most were represented by several exhibitors so it was easy to compare features, capabilities and even tastes. Registrants could, for example, take the Schlitz beer test, sample the new light wines or down a hearty cup of espresso.

They could make contacts or sign contracts, take home bags of literature to study and file away for reference, order state-of-the-art publications on topics that ranged from accounting to exotic recipes, and learn about foodservice programs at scores of colleges and institutes.

When their minds and senses were glutted with too much information, they could relax and talk to a robot or browse at the Culinary Arts Salon where cold foods looked like masterful still lifes.

Those more intrigued by the mysteries of gourmet food preparation in action could walk over to the Almost Perfect Kitchen and watch some of the country's finest chefs prepare four- and five-course meals for the first-ever hot food competition. (See story on page 13). Or, if they preferred, they could study kitchen designs in the NRA Invitational Design Exposition.

In short, the NRA Show covered so much ground in so many different areas that more than one registrant jubiliantly exclaimed, "I paid for my trip many times over the first morning at the Show. I walked away with several ideas I can implement as soon as I go home."

Exhibitors, too, applaud the NRA Restaurant Hotel-Motel Show for the many contacts they make. One first-time exhibitor spoke for her peers when she exclaimed, "Our two principals, traveling two solid months without stopping couldn't begin to make these contacts."

With 20 acres of Show space, there was plenty to see on the Expo Floor—including fresh fish from Holland.

NRA
INTERNATIONAL CENTER

The International Business Center at the Show serviced representatives from 77 nations, including 15 countries that participated for the first time.

From french fries to freshly-squeezed orange juice, Show attendees had plenty to sample on their way up and down the aisles.

SAFETY-LOK TILE MATTIN
NO-TRAX
No. 166

Products and services were discussed so thoroughly that many contracts were negotiated right on the spot.

Recordbreaker...

The 1982 NRA Show was bigger than ever before. 85,222 people registered for the Show and 1,237 companies exhibited their products and industry know-how. Both figures were up from last year's high of 82,893 and 1,127.

In addition to the exhibits, highlights of the Show included the Culinary Arts Salon featuring displays by more than 150 chefs, "The Main Course" 10-kilometer race, "NRA-TV Today"—the first NRA closed circuit news magazine, and the invitational design exposition, which featured energy, space and cost-efficient floor plans and equipment layouts.

Breakfast boom may continue

The big boom in breakfast sales may not be over, according to companies with breakfast products exhibiting at the NRA Show. Nabisco, General Mills, General Foods, Quaker Oats and Kellogg all believe that they have been instrumental in making breakfast the fastest growing meal occasion last year—and they have plans to keep up the good work.

Kellogg is a believer in advertising. Kellogg's representatives at the Show said the company would soon embark on a "breakfast-is-good-for-you" ad campaign, designed to get adults out of bed and at the breakfast table.

Kellogg maintains people are more interested in nutrition and is focusing on this trend in its marketing. Not only is Kellogg suggesting that restaurant operators sell fruit with their cereal and such nutritional toppings as coconut, sunflower seeds and nuts but Kellogg is also making plans to reintroduce Nutri-Grain, a sugarless cereal made from whole grain. Nutri-Grain was first marketed last year.

Another believer in marketing is General Mills which does two national promotions a year—one in January-February and the other in August-September. One breakfast trend that General Mills has noted is that biscuits and muffins are fast becoming substitutes for toast.

Nabisco believes that it has contributed to the breakfast boom by offering foodservice operators product knowledge, marketing training and sales tools—and it plans to offer more of the same this year.

Nabisco has representatives in every sales zone whose only job is to help the restaurateur use and sell Nabisco products.

New breakfast products . . .

This year Nabisco is featuring three new frozen egg products—Royal break-o-morn, Fleishmann's table service and Royal egg ete, which blends fresh whole eggs, whole milk and seasonings and has been quick frozen to retain freshness. The advantages of these egg products over shell eggs include cost, greater shelf life, consistent quality, labor-saving convenience and salmonella resistance.

With breakfast the number one growing meal occasion in 1981, many of the companies with breakfast products brought innovative ideas to the Show.

Also on the Show floor were equipment innovations and menu ideas that could spruce up breakfast sales. These ranged from an automatic juicing system that uses a solid-state electronic brain to automatically control the production and merchandising of freshly-squeezed orange juice to pointers from the American Dairy Association (ADA).

"Making milk part of a breakfast unit actually encourages multiple beverage sales opportunities. ADA tests have shown that consumers don't think of milk as being a substitute for coffee or tea," explained one ADA representative. Milk also can be combined with fresh or frozen fruits to make drinks or toppings for cereal.

Computers: Shopping sensibly for a system

Modern computers can't hop, skip or jump—but almost. Whether your sales approach $200,000 a year or top one million dollars, there is a computerized foodservice system for you.

What should you look for in a system? According to the 14 exhibitors at the NRA Show, flexibility, productivity, service and cost justification are the key ingredients.

Each piece of equipment offers different functions, so you should shop hard before making a decision.

The most basic front-end system is the cash register that offers sales records by item. More complicated systems keep inventory records, time cards, personnel records and sales per 15-minute period, and they are able to chart this information against records from previous years on a full-color screen. Still other systems monitor and control sales, inventory and environmental controls and allow instantaneous communication between all operating units and corporate headquarters.

The most important things in shopping for a system are deciding what your needs are, comparing what's available and not being intimidated by your lack of knowledge.

According to Dr. Michael Kasavana, who taught NRA's computer seminar at the Show, the major fault of computer sales personnel is that they undersell their products. To keep prices down, their bids may not include all the equipment you need to run a smooth system, such as enough registers or a printer to run out reports.

If you are thinking of buying a particular system, ask for a cost justification. One exhibitor at the NRA Show explained that their fairly sophisticated foodservice management system can be cost justified in two months if your sales are $750,000 and in one year if sales are $500,000.

Watch out for the general merchandising computer system not set up for the hospitality industry. It is also important to have the software tailored to your individual needs so you don't have to spend the time and money programming a new system.

For a list of suppliers write NRA's Information Service and library.

It's goodbye to the standard time clock, if computer companies make the inroads they expect.

New wine trends

U.S. wine consumption is at an all-time high. According to wine distributors, vineyards and importers exhibiting at the NRA Show this year, the variety of wines being introduced on the domestic market will spur sales even higher in the months to come.

Cashing in on the popularity of light beer, many American vineyards are introducing light wines with only seven percent alcohol. Vineyards, set up with tasting booths throughout the expo floor, were highlighting their new light Chablis and introducing light Rose and Rhine which are scheduled to appear on the market this summer and fall.

Vineyards believe these wines—also light in taste and calories—will open up an entirely new market in America. For restaurants, they will be strictly an add-on market and will not interfere with the sale of vintage wines. It's an entirely separate market, according to Shanyne Wadsten of the House of Seagram. Wadsten bases her observation on a Seagram's survey of 12 market areas.

Many of the well-known vineyards are making a real play for this new market and are increasing their advertising budgets dramatically. Alamaden Vineyards, Inc., for example, increased its advertising budget to $15 million in 1982 from $5 million in 1980.

If you are interested in trying these new wines, ask your distributor about table tents and other point-of-purchase advertising. Most of the vineyards will try to supply everything you need to boost sales—they are that committed to making the new wines a success.

More fine wines . . .

Americans are becoming more sophisticated wine drinkers as they consume more. Therefore many domestic vineyards are also focusing at the other end of the wine spectrum and developing fine vintage varieties to keep up with more savvy American taste buds.

Sabastiani—at the NRA Show for the first time—said it was there "to beat the competition." Many restaurateurs stopped to taste Sabastiani vintage Pinot Noir, Zinfandel and Barbera. Alamaden also boasted about some of its new vintage wines.

There are changes in the import market as well. Sam Leavitt of Direct Import Wine Company—also exhibiting at the Show—said that the fine Italian wines are making the biggest splash. The reason, says Leavitt, is that the Italians have begun producing much cleaner tasting red wines at reasonable prices and have found an appreciative audience in the U.S.—especially during the past year.

FLEISCHMANN
DISTILLING COMPANY
TASTING CENTER

The explosive interest in wines has led many companies to develop new products—and Show registrants had plenty of opportunity to sample the new blends.

Cashing in on the popularity of arcade games

The popularity of PAC-Man and other arcade games has sparked a greater interest in restaurant entertainment—if the number of Nickelodean pianos, kiddie rides and video game booths at the NRA Show are any indication.

Many restaurateurs are rediscovering the charm, the fun and the profit of the Nickelodeon or player piano which has been in existence since the late 1800's.

Kiddie rides are also experiencing a revival, especially in family-style restaurants. According to Thomas Leon, president of the North American Amusement Company, the rides cost between $900 and $3,500, but no ride takes in less than $200 a week.

Hospitality: putting a smile on

NRA News chats with new NRA President

John Dankos was elected president and chairman of the board of the National Restaurant Association at the NRA Show in Chicago. To Dankos this honor fulfills a very rewarding career — a career that had its roots in a coal-mining town in Pennsylvania some 40 years ago.

John Dankos' ties to the foodservice industry began in high school when he helped his father, who ran a restaurant for the Interstate Company at the railroad station in Wilkes-Barre, PA. After school Dankos worked the trains as a "news butcher," selling cokes and peanuts.

When he was graduated, he worked in the restaurant itself, doing all the chores — from dishwashing to waiting tables. After a tour of duty in Korea, Dankos went back with Interstate as a manager and worked his way to regional superintendent where he had responsibility for three large turnpike operations, four restaurants and the gift shop concession at the Philadelphia airport.

In 1962 Interstate (now called Host, Intl., thanks to the name created by Dankos' wife and partner Theresa) decided to pull out of the Richmond area. That's when Dankos made a decision to strike out on his own. He built his first Aunt Sarah's House of Pancakes and Steaks.

Today, 53-year old Dankos owns eight restaurants in Richmond, VA. Seven of them are pancake houses and the eighth is what he calls his "monument" — Stanley Stegmeyers's Hodgepodge Restaurant that features 15 theme restaurants in one. Dankos also owns and operates two hotels. The secret of this success, he claims, is good training, hard work, doing something that he loves and the rewards of working with his wife.

At the NRA Show, NRA News *talked with the new president about his career, his plans for the upcoming year and the advice he would give to those just starting out in what he calls "the greatest industry in the world."*

NRA News: At a press conference this afternoon you mentioned that your sales weren't suffering as a result of the economy. How do you account for this resilience?

Dankos: We're constantly thinking of satisfying our customers and holding down our prices to give them quality for the least amount of dollars that we could possibly give. And I think we're consistent in the product, the service and the hospitality. The hospitality is most important. We want to make people feel welcome and we have good training programs for our employees. From the time they join our company — whether they're a waiter, a manager, or a dishwasher, they have a training program just for them.

NRA News: You mentioned that hospitality was most important. Is that something you would like to emphasize this year as NRA president?

Dankos: Absolutely, yes. Thad Eure started *Project Hospitality* a couple of years ago when he was NRA president, and I'd like to bring it back stronger than ever this year. We need hospitality. When you see your customers in the morning—instead of standing there with a menu in your hand and staring blankly, you should be there and say, "Good morning, how are you? Glad to have you with us." So I think you will see a real emphasis on improving each individual outlet's hospitality performance.

We are discussing two different seminars — one to train managers to train employees and one to help restaurant operators train their employees directly. We want everyone to know — from the dishwasher to the chef — that they're part of one of the greatest industries in the world and that they're part of an industry that is really important to the American people. Despite their problems, more and more people are eating out. So when they go out, they want to relax, they want a little kindness and tender loving care. And I think that is

what we're all about: putting a smile on everybody's face if possible. The success of our business will always depend on how warmly our employees treat our guests.

NRA News: What other areas will you be focusing on this year?

Dankos: Government affairs is so important that we're putting together a new project called "Adopt a Congressman." It is the voter back home who has the greatest influence on a congressman. That is why I think our members should get to know their congressmen and invite them to lunch or dinner when they're in town to get to know them personally. In this way we can develop a network of key contacts that can become the cornerstone of the kind of grassroots lobbying program that will guarantee that the needs of our industry are considered when laws are made.

Although Congress makes the laws, we're the people who have to live by the laws they make. So why not have a say? They work for us. That's the way I look at it. They're in Washington to try to do things for us — that's why we send them there. We have to let them know we're here and that we're a very

important industry. They're not going to agree with us on every issue. By the same token, we're not going to agree with them all the time. But at least they will be informed about foodservice issues.

NRA News: Do you have plans for NRA's educational programs?

Dankos: I think we're going in the right direction by cutting some of the programs that were not popular and concentrating on the ones that are important to our members. Education is an important part of the National Restaurant Association. I am also very excited about the new national conferences we are scheduling. These are not seminars, you know. They are two-day conferences for management — one on promotions, one on food purchasing, one on alcoholic beverages.

I remember that when Theresa and I first went into our own business, one of the first things we did was to join NRA because I knew about the bank of information that this association had. I got a lot of help from the NRA when I first started out.

NRA News: You're the past president of the Virginia Restaurant Association, and a lot of people really consider you a dean in your state and in state relations. Is there anything that you think NRA can do to better serve state groups?

Dankos: I think we have a closer relationship now with our state groups than we have ever had before; I really do. I've just talked with the state association group here at the Show (ISRAE)* and I felt good with them, I felt comfortable, I felt at home. I think that they know they can come to us or pick up the telephone. We're here ready to do anything we can. We want to pass on new ideas we have and to hear about their ideas. The line for communication is constantly open.

NRA News: What advice would you share with those just getting started in the foodservice industry?

Dankos: If you're just getting started, worry about friendly service and quality food. Join NRA and get to know about its hospitality program. Start preaching hospitality on every corner, to every employee you have.

Make sure you give your customers the best quality you can possibly give them at the best price. That's if you want to stay on that corner for any length of time. You're not going to fool them. From the womb to the grave, everyone's really a cook anyway. You're in the kitchen watching your mother fix eggs; and before you know it, you're six or seven years old and you're fixing an egg. And toast. So you know all about an egg and toast.

What other industry is like that? I don't know anything about a car except that I drive one, and I'm 53 years old. But I'll tell you one thing, my daughters and sons know how to fix their breakfast or a sandwich.

So you can't fool your guests — don't think you can. If somebody orders a BLT, you better make damn sure that you have bacon on there. Don't think you're going to get away with lettuce and tomato and one-half slice of bacon for $4. If you do, you've got a surprise coming.

NRA News: Do you think that there is a lot of opportunity in the foodservice industry?

Dankos: Absolutely. It is the greatest industry there is. The opportunity is just starting. The foodservice industry touches everybody, everybody on earth. If you're born and you're here, the foodservice industry touches you every day. Many times a day. You're in the right business. People have got to eat to say alive. They can drive their cars for an extra two or three years, but they can't hold that hamburger for an extra two or three years. They buy another one.

So, you see, the opportunity is there. When I was working for Host, I never thought that one day I would be leading this industry. I'm glad to be able to do it here in America — let's face it, this is the greatest place on earth.

"The success of our business will always depend on how warmly our employees treat our guests."

International Society of Restaurant Association Executives

Getting into the swing of things…

Flip Wilson and Doc Severinsen topped off the social events at the Grand Banquet. Other Show capers included a 50s night with Danny & The Juniors and The Coasters as well as a country and western night that featured David Frizzell and Shelly West.

The 1982 NRA Show picked up speed with "The Main Course" 10-kilometer race along Chicago's lakefront. More than 2,000 runners competed in this year's event.

NRA-TV TODAY!
NEWS TEAM ON LOCATION
WATCH US

It was easy to stay in the swing of things with "NRA-TV Today," one innovation at this year's Show. The up-to-the-minute news magazine was broadcast live to more than 14,000 Chicago hotel rooms—twice in the morning and twice in the afternoon. It featured activities, exhibits, social events and interviews.

Receptionists in many of the Chicago hotels wore uniforms to make restaurateurs feel welcome. At Chicago's Palmer House the staff wore chef's jackets and hats.

Ringside cooking, dining and critiquing

Imagine this scenario. The camera pulls in on an elegantly-set table, surrounded by four expectant diners. The waiter, in black tie and tails, begins to serve a gourmet meal worthy of the finest of restaurants. After the artichoke and seafood salad and two other courses, comes the entree. At precisely the same moment, the waiter and his captain remove the covers of all four dishes. The diners gasp and then you hear the applause. As the camera pulls away, you see hundreds of onlookers surrounding the table.

Dramatic? yes. Far-fetched? no. This scene was repeated several times at the NRA Show. Although there were no cameras, the crowds were there—all eager to see the meals being judged in the first Hot Food Competition.

This was the first time in the U.S. that a chef could win a medal from the American Culinary Federation Olympic standards.

Olympic standards...

It was a rigorous competition, conducted in accordance with the culinary standards of the U.S. Olympic team tryouts. Twenty-four master chefs raced against the clock in unfamiliar surroundings to prepare gourmet food as efficiently as possible. They competed against a 40-point standard, rather than each other, and each had a chance to win a gold medal.

Crowds of restaurateurs flocked around the almost perfect kitchen to watch the chefs in action. Four chefs at a time worked in the state-of-the art facility, designed specifically for the Show by the NRA technical committee and equipped by NRA members. With plexiglass around the periphery, it was easy to trace an egg from its shell to a meringue.

Not only were Show attendees hovering around the kitchens but so were apprentices, whom the chefs had not met before. The judges were there, too, to rate the contenders on their efficiency, cleanliness, organizational skills, energy consciousness and supervisory ability.

The presence of an audience added an edge of sportslike competition, the chefs said later, to a situation that was already crackling with the fervor of an Olympic heat.

For each chef, the competition began with a mystery box of ingredients, overflowing with more than could be prepared at one time. The contents were carefully selected so that the ingredients were not readily compatible, to force the chefs to plan imaginative dishes.

To complicate the task even further, the chefs had only 30 minutes to plan a menu that, at the very minimum, required three courses and often included as many as five. Once the team of six U.S. Culinary Olympic Team tryout judges approved the menus, the chefs had five hours to prepare their meals for the judges and 15 invited guests.

When the finishing touches were put on the gourmet entrees, the action shifted to the dining room in front of the exhibition kitchen. Once again the crowds gathered, this time to watch the reactions of the judges and diners and to observe some of Chicago's finest waiters in action.

Transplanted restaurants...

Several of the more elegant Chicago restaurants brought a sample of their dining experience right to the exhibition floor: They replicated their well-known place settings, brought their most expert captains and followed their well-practiced serving techniques.

At one table, the Ritz Carlton's famous blue German china sparkled against crystal glasses and silver with the dining room's insignia. Captain Nabil M. Azo, unruffled by the riveted crowds, scrupulously followed the restaurant's French service, served food piping hot, anticipated the dining needs of his guests and brought finger bowls at the end of the meal. It took a great deal of concentration, Azo confessed, to screen out the crowds and mentally recreate the intimate dining experience he builds in the Ritz Carlton.

A guest at Azo's table made a similar mental effort to ignore onlookers. The crowds, she said, made her feel as though she were "a have before a crowd of have-nots. Every morsel was being followed from my plate to my mouth, every expression was being

The U.S. Olympic team tryout judges sampled four multi-course meals, twice a day, looking for winners in the first Hot Food Competition. Inquisitive crowds tried to second-guess the scores.

scrutinized, every gesture of the knife and fork studied for my impressions. If the food weren't so wonderful, it wouldn't be worth the discomfort of being on stage."

The judges, however, had no trouble screening out the crowds. Unlike the invited guests, they were not distracted by colorful place settings or artful service. All dishes were served on plain white tablecloths. While the diners were encouraged to savor their meals, the judges merely sampled—every course in every menu. They rated the food on overall compatability of dishes and compatability of elements in each course, as well as on presentation, workmanship, creativity, flavor, texture and color. The final score reflected the impressions of all six judges and also included the score each chef earned during the preparation stage.

Four gold winners...

Of the 24 contenders in the Hot Food Competition, 21 earned medals. Four chefs earned gold medals, reflecting a score between 36 and 40 points; 11 earned silver medals for scores between 30 and 36 and six chefs earned bronze medals for scores between 24 and 30.

The gold-medal winners were Siegfried Eisenberger of The Opryland Hotel in Nashville, Tennessee; Siegfried Stober of Joliet Junior College in Joliet, Illinois; Christian Riviere of Lake Geneva, Wisconsin; and Vincenzo Varvaro of Silvio's in St. Louis, Missouri.

According to Ferdinand E. Metz, president of the Culinary Institute of America and spokesman for the judges in the competition, the contest "boils down to a sense of cooking. It gives chefs, who have stayed away from the cold food competition, a chance to express their expertise. Although the crowds add more pressure, that's what happens at the Olympics. And there you are not only representing yourself, you are also representing your country."

NRA's Hot Food Competition is the first step in the thorough search for members of the U.S. Olympic culinary team.

The Seminars: Management know-how, cafeteria-style

Not only does the NRA Show provide state-of-the-art information on the exhibit floor. It also gives Show participants a chance to sharpen their management skills with the latest facts and ideas on foodservice issues. This year there were workshops and panels that covered such topics as food purchasing in today's economy, seafood consumption in restaurants, managing people for profit and successful wine merchandising by the bottle.

These programs varied in length to provide registrants with the greatest flexibility in planning their Show schedules. Here are some highlights from several of the sessions. For complete transcripts of Show workshops, contact NRA's Chicago office at One IBM Plaza, Suite 2600, Chicago, IL 60601. A list of available cassettes can be found on page 31 of this year's *Exhibit Guide and Program.*

Dozens of industry professionals, consultants, chefs, authors and educators were on hand throughout the Show to talk about the needs and problems of restaurateurs. Seminar speakers included (from top to bottom) Art Holst on motivation, Diane Davis on women networking in foodservice and John Wareham on managing people for profit.

A seminar sampler

How restaurants came to be

Did you know that the French Revolution of 1789 indirectly gave birth to the restaurant? According to C. Northcote Parkinson, Parisian chefs suddenly found themselves out of work because their masters were either killed or exiled. So they banded together and built the restaurants of Paris.

Parkinson reviewed the history of the hospitality industry in his session Small World, named after his book that traces the evolution of inns, restaurants and hotels.

Parkinson is best known for developing Parkinson's Law about work expanding to fill available space—a topic he also covered at the Show.

Jorie Lueloff, award winning television commentator, tried to uncover operating secrets from some of the owners of Chicago's "in" restaurants. She moderated the popular panel, "Dining out—Chicago style."

Negotiating with ease

How you negotiate is more important than what you are negotiating, Herb Cohen told an overflow crowd at his NRA seminar, "Negotiation: How you can win them all."

Look for ways to work things out so that the end result will meet your needs and the needs of the other party. Pretense, facades, and an attitude of winning at someone else's expense don't work, he said. Instead, you should start collaboratively.

The advantage of starting out with a noncompetitive attitude is that it makes the other party more willing to work things out. It forces them to invest time, energy and emotions—and investment gives you an upper hand. No one likes to walk away empty handed after they have put time and effort into a negotiation. This applies even to the most aggressive of opponents. "Many gladiators see decency as a sign of weakness, but this means that they invest more than ever," explained Cohen. So don't be guided by the other person's attitude.

Instead, communicate simply—stir emotions when you can and frame issues so everyone can understand them. Be optimistic, self-assured and pleasant—people like to identify with optimistic people. Keep your discussion low-keyed and never say, "take it or leave it"—people like to have options. Finally, try to look at negotiation as a game—you are always at an advantage if you can take some distance. If you don't allow yourself to become too emotionally involved, you are less likely to make hasty decisions or compromises.

Planning successful restaurant lighting

"The mark of a professional lighting job is the absence of distracting glare and a minimum awareness of where the light is coming from," said Frank F. LaGuisa of the General Electric Company in Cleveland, Ohio, at the NRA Show seminar on lighting.

Since LaGuisa believes that lighting effects must be seen to be appreciated, he took his audience on a slide tour of lighting.

LaGuisa showed how ambiance is created by lighting and discussed the pros and cons of incandescent lighting—friendly, flattering, familiar but inefficient.

He also described recent advances in florescent lighting and recommended that restaurants give florescent lighting a chance because it consumes less power produces far better color and is between 15 to 20 percent more efficient.

Training begins with a job analysis

"Training should be kept simple," Lewis C. Forrest told restaurateurs during the seminar on task analysis. Forrest of Hospitality Consulting Associates in Greenville, North Carolina, said that the two major ingredients of any training program are job descriptions and job evaluations.

A job description specifies what tasks an employee must perform in order to do the job well. These tasks must be described in specific terms so that employees can understand how things should be done.

As vital as a job description in any training program is a fair system for evaluating job performance. It should be based on job descriptions.

Periodic evaluations let employees know how they are doing. They help reinforce those tasks employees do well and help to change poor work habits before they become ingrained. Job performance evaluations also build morale because they let employees know you care.

Insights into insurance

Insurance. You pay a lot of money for it, but is it adequate? Hank Laskin, president of Commercial Insurance Agency in Monterey, CA, advised restaurateurs at the NRA Show to review their insurance policies every 18 months to make sure they are getting enough protection.

Some items likely to change from year to year include the value of the building that houses the restaurant, the cost-of-replacing equipment and the labor costs involved in carpeting, plumbing and installing electricity.

The seafood picture

Because people are still reluctant to prepare and serve fish at home, seafood continues to be a natural product for the foodservice industry. According to Lee Weedig, lobbyist for the National Fisheries Institute (NFI), 65 percent of all fish in this country is prepared by foodservice operators.

The outlook for fresh fish in 1982 is promising, Weedig told restaurateurs at the NRA Show. Fish supplies should be up in almost all categories. Part of the reason is a new open fishing policy that removes fishing quotas; another is a restructuring of the Pacific king crab fleet to bring in ground fish, such as cod. Although fish supplies will be up—and salmon, in particular, is forecast to have a recordbreaking year, frozen products still provide continuity of supply and price as well as inventory control.

Before you decide what fish to buy and in what quantitites, you must know your market. Weedig recommended a new demographic study by the National Fisheries Institute which is scheduled to be published this month. According to Weedig, the study shows that inland states have the most marketing potential because, as expected, the largest numbers of seafood diners can be found in the coastal states and in New England. The study also looks at other factors such as income, race and religion.

Once you determine that seafood has the potential of being popular with consumers in your area, you must develop purchasing savvy. "Find out what you are getting for your money," cautioned Weedig. "Know your suppliers, and check the product and its quality."

Some things to look for, said Weedig, are breading levels (fish is much more expensive than breading), species substitution (especially with flat fish varieties) and weight (make sure you are not paying for water used to glaze the fish). It's also a good idea to keep an eye on quality by occasionally tasting the product.

Fresh food is not always better

"When you run a kitchen, you are running a factory," said Lendal Kotschevar, author of *Quality Food Purchasing* at the NRA seminar, "Food purchasing in today's economy." You are taking raw materials and turning them into a finished product," he continued. "The cardinal rule is to buy for production."

Many restaurateurs make the mistake of buying only fresh products in the belief that they are purchasing the best ingredients for their cooking needs. This can be a great waste of time, energy, money and even quality.

For example, Kotsehevar cautioned against using fresh milk in baking products when dry milk is just as good and much less expensive. He also said frozen eggs make a better meringue than fresh eggs.

Why spend money on labor and energy you don't really need? "When you buy whole tomatoes for a dish that doesn't need them, you are wasting the labor it takes to peel and cut them up and the energy to cook them," he explained. "This is unnecessary when you can buy cooked, canned tomatoes at a lower price."

Don't forget the cost of labor

Your management techniques might be outdated, warns Charles Levinson of the University of Nevada. In his seminar, how to update your food and beverage operations, he explained that for too long foodservice operators have been guided by food cost percentages. These percentages may no longer be valid, he told restaurateurs at the NRA Show.

To determine the real cost of food, you need to consider the cost of labor involved in food preparation. For example, 10 pounds of raw shell shrimp may at first seem to cost less than 10 pounds of peeled, deveined and cooked shrimp. But until you consider the yield of raw shell shrimp (approximately 6.3 pounds) and the labor cost involved in deveining and cooking shrimp, you really can't tell which product is cheaper.

Levinson also encouraged restaurateurs to think about their menu-pricing strategies. Although a filet mignon may cost a few dollars more to purchase than a chicken, it doesn't cost one cent more to serve, he said. By dropping the price of filet mignon and other similarly high-priced items, you stand to increase your volume and hence your profit.

Managing people for profit

"People are the critical element in any business, says John Wareham of Wareham Associates. "No matter what you pay anyone, it's a $25,000 investment on the outset."

At the management clinic on managing people for profit, Wareham advised restaurateurs to take longer to hire employees because it's easier to hire than it is to fire someone.

According to Wareham, you should recruit a team of people who are

- stable, so you have as little turnover as possible
- industrious, so you can get the job done
- self-reliant, so they can initiate solutions to problems
- enthusiastic about the job, so they are self-motivated
- willing to be part of a team, so that the whole reflects the sum of the parts
- loyal, so that they serve your interests rather than their own.

Taking a bow at the Show

John Wellerding and Peggy Schott had the fastest overall times in "The Main Course" race. Winning in the attendee category were Octavia Diaz of the Henry Lee Co. in Miami and Deb Donovan of Lakeside Medical Center in Chicago. Exhibitors finishing first were Gary Kingham of the Doskocil Sausage Co. in Hutchinson, KS, and Geraldine Powers of Cain-Powers Architectural Arts Glass in Richmond, VA.

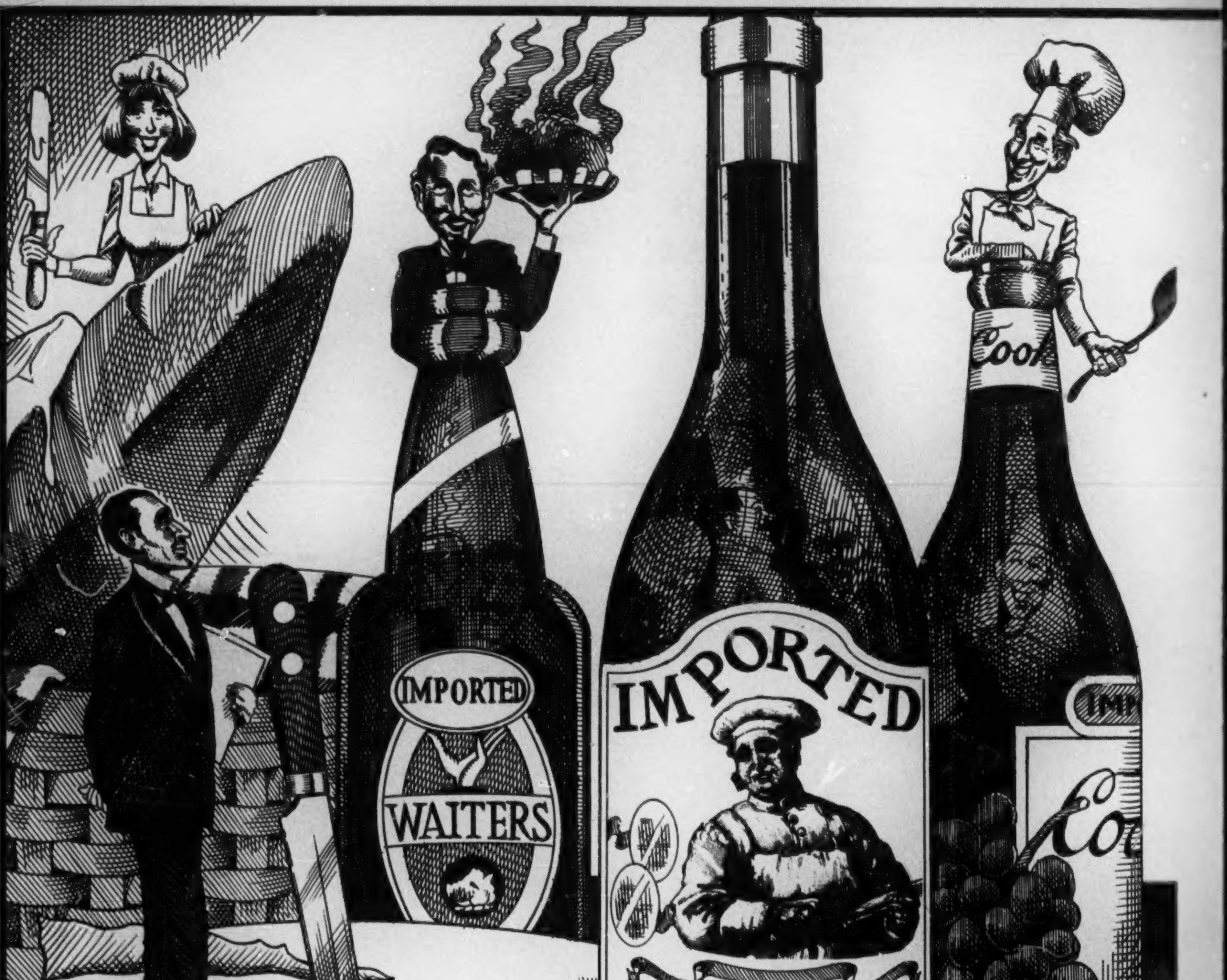
TRANS WORLD AIRLINES
New York

Bob Kramer of Two Nice Guys Restaurant, Inc., in Kirkwood, MS, left the NRA Show with a fabulous vacation, sponsored by NRA and provided by TWA and Hyatt Hotels. The vacation includes 10 nights in five cities—New York, New Orleans, Boston, Chicago and San Francisco.

1982
THE BEST PIECE
OF THE SHOW
12th ANNUAL
CULINARY SALON

Special award winners in the cold food competition were as follows: Grand prize of Show and grand pastry buffet award winner—United States Army Quartermaster School in Fort Lee, VA. The best piece of the Show award winner—Opryland Hotel in Nashville, TN. Most original piece of Show award winner—"Spice Boat" by Teruo Kinoshita of the Hamilton Hotel in Itasca, IL. Judges special award winner—Opryland Hotel in Nashville, TN.

U.S. Air Force dining installations in California, Georgia and Colorado won 1982 Hennessy trophies as the best airmen's multiple unit category and the U.S. Air Force Academy in CO took honors in the single-unit judging.


Cook
IMPORTED
WAITERS
IMPORTED
1982
Chefs
IMP
Coo
IMPORTED
MAITRE D's
IMPORTED
KITCHEN W

IMPORTING PEOPLE

How to employ aliens

The following interview with Michael Maggio by Roberta Sabban may aid restaurateurs who are considering bringing chefs in from foreign countries to work in their kitchens.

Michael Maggio practices Immigration Law in Washington, DC. He is an adjunct professor of Immigration Law at the Antioch School of Law, a member of the American Immigration Lawyers Association, and he works with the National Lawyers Guild's Immigration Project.

Q: What are some of the basic things a restaurateur should know about the Immigration and Naturalization Service?

A: First of all, a restaurateur should know that restaurants are a primary target of Immigration and Naturalization Service (INS) agents searching for undocumented aliens. INS has limited resources and, like other federal agencies, they must show statistically that they are doing their job. INS cannot realistically stop people on the street and ask for their "green card" — evidence of legal resident status. It is a known fact that restaurants hire a large number — proportionally probably the largest number — of undocumented workers of any industry outside the garment and agriculture industries.

Q: Where can a restaurateur obtain information on his rights and responsibilities before the Immigration and Naturalization Service?

A: The first place to start would be the local bar association. Ask to be referred to an immigration lawyer.

Q: How does an INS raid usually take place?

A: If INS goes into a restaurant, the odds are they will find more than one person who does not have proper immigration documents. It is a very easy operation to pull off. INS will show up at a restaurant and station a few men in back, and INS officials enter through the front. It is quite common for them to come at 10:30 or 11:00 o'clock in the morning to ask permission to meet with the employees of the restaurant to discuss their immigration status.

Q: What are the restaurateur's rights?

A: The first thing that a restaurateur should know is that he is under no legal obligation whatsoever to let them in. Restaurant owners seem not to be aware that the Fourth Amendment of the United States Constitution protects, not only their homes, but also their places of business from "unreasonable searches and seizures." What that means, in every day language, is that no one can enter your premises without either your permission or a judicial search warrant. That is a warrant that has been signed and executed by a judge, giving specific authorization to search your premises. A warrant must name exactly what they are looking for.

Q: The warrant must name people specifically or undocumented aliens?

A: This is an important and interesting question that has been the subject of some litigation. The position of the Immigration Service is that when they are searching for aliens, it is an administrative search, like a health inspector showing up at a restaurant saying, "We would like to inspect your kitchen." Every restaurateur knows that a warrant is not required for a health inspection, and the courts have held that the Fourth Amendment is not violated through most warrantless administrative searches.

In a celebrated case here in Washington, DC, the owner of a well-known restaurant decided not to take the conduct of the INS sitting down. What happened there is very instructive.

The INS showed up at noon, when there was about five thousand dollars worth of business sitting in the restaurant. They announced loudly that they were from the Immigration Service and that they wanted to question employees.

The word spread quickly through the restaurant, and many of the undocumented workers started to run. Trays were dropped literally on top of customers' tables and heads.

The INS brought along a photographer and a journalist from the *Washington Post*. They got themselves a front page story of the great arrest they made chasing dishwashers and busboys down the street of the nation's capital. This apparently caused the restaurant to lose a substantial amount of income, not only that day but also thereafter.

Q: What can a restaurateur do to avoid a situation like that?

A: If the employees know that without a warrant the restaurant owner is not going to show the INS to the door, they won't panic.

IMPORTED
WAITERS

> **"No one can enter your premises without either your permission or a judicial search warrant."**

Q: Is a restaurateur violating the law by hiring someone who is not a permanent resident, or who does not have authorization from the Immigration Service to work?

A: Presently, there is no federal law that penalizes employers for hiring undocumented aliens. The federal laws regarding harboring aliens do not apply to employment.

There are a number of states that have passed their own laws that make it illegal to hire someone who is in the United States without work authorization from the INS. However, experience has shown that enforcement of so-called employer sanctions has been minimal and the number of convictions even smaller. The fines, where there have been convictions, generally have been a thousand dollars or less.

At least one court has held that when an employer has filed an application for alien labor certification on behalf of an alien employee, the employer cannot be held liable for knowingly hiring an undocumented or illegal alien.

Q: What is happening in Congress on this issue?

A: It is possible that a federal employer-sanction law will be enacted during this congressional session. It would penalize employers who knowingly hire undocumented aliens. The idea met with strong bipartisan support. Sen. Alan Simpson (R-WY) and Rep. Romano Mazzoli (D-KY), respectively the chairmen of the Senate and House Immigration Subcommittee, have sponsored bills (S. 2222 and H.R. 4832) with a strong employer sanction provision. These bills provide more drastic penalties than the administration has proposed. To knowingly hire even one unauthorized alien would violate federal law. For three years, employers could rely on three forms of identifiers in screening applicants. Attestation to document examination would provide employers with a complete defense. The attorney general is given three years to develop a secure employment eligibility system to cover all applicants.

Because employer-sanction are currently a question of state law, every restaurateur should have a lawyer who is familiar with the law of the state where the restaurateur does business. It is important to know not only the law but also the practice of the law enforcement agencies in that state. For example, if there is a law on the books that makes it illegal to hire the undocumented, and no one has ever been prosecuted, the restaurateur should know this.

Legalizing an alien worker...

Q: What is the procedure to legalize an alien employee or bring an alien worker from abroad?

A: Obtaining an immigrant visa to the United States is generally accomplished in one or two ways: either through an alien having a very close relative who is a United States citizen or permanent resident, or through establishing to the satisfaction of the Department of Labor (DOL) that the alien has an offer for a job for which there are insufficient United States workers. This process is called Alien Labor Certification. Cooks and other types of chefs, including sous chefs, can generally obtain an alien labor certification from the Department of Labor, particularly if the restaurant offers something other than American cuisine. It is a generally accepted view by DOL that there are insufficient speciality cooks in the United States.

Formal waiters and sommeliers qualify in many instances. This varies from region to region with the Department of Labor. It is important to understand that although the immigration laws are federal, and although the alien labor certification process is administered by a federal agency, the Department of Labor and INS function at the local level with their policies and practices varying from state to state. Some of them are more reasonable than others.

For example, in Region 3, which encompasses Pennsylvania, Maryland, Virginia and the District of Columbia, a formal letter can be certified for that job because Region 3 of the Department of Labor believes that there are insufficient American formal waiters and that there is a special type of skill and competency involved in that job.

Region 3 is often willing to accept an Italian restaurant's representation that they have a business necessity for a formal waiter that speaks Italian. That may not be the case in Region 1, New England, or Region 2, New York.

Maitre d's can very often be certified. The key question is: Do you have a business necessity for the requirements you have placed upon U.S. workers applying for the job? Common sense indicated that a restaurant located near the United Nations has a large number of foreign clients. Such a restaurant is more than likely to have a business necessity for a Maitre d'hotel who speaks two or three languages. "Business necessity" must be documented.

Q: Can these employees come to the United States and obtain their Labor Certification or should it be done abroad?

A: It could be done in either manner as long as they are in this country legally.

Q: Even if he comes as a tourist?

"It is important to realize that the restaurateur is in the driver's seat with respect to immigration petitions."

A: Yes, even if he comes as a tourist, he can have an application for alien labor certification filed on his/her behalf. The labor certification process involves proving to the satisfaction of DOL that there is a *bona fide* offer of employment that is available to qualified United States workers at a wage compensated with the prevailing wage for United States workers. When the labor certification is approved, it is easy to apply for an immigrant visa.

Q: In some instances a restaurateur encounters a chef abroad whom he would like to work in his restaurant. Under such circumstances, can he bring that chef to the United States immediately?

A: Generally, yes. An employee can enter the country as a temporary nonimmigrant worker under an H visa, or he can enter as an H-1, if he can establish that he has distinguished merit and ability in his profession. This type of visa will entitle the employee to work in the United States temporarily.

To obtain such a visa, an application must be submitted to the Immigration Service office having jurisdiction over the employer's restaurant.

However, if that employee subsequently changes his mind, after entry, and decides to remain in the United States permanently, an application for alien labor certification can be filed on his behalf.

Q: With these temporary visas, would this person have the right to bring their spouse and children?

A: Yes, however, children must be under 21 and single.

Q: What happens if the restaurateur doesn't like the work of the chef?

A: It is important to realize that the restaurateur is in the driver's seat with respect to all of these immigration petitions. The employers are the petitioners, and the employees are the beneficiaries. A petitioner can revoke the petition at any time and for any reason.

Q: How long does this process generally take?

A: It varies from jurisdiction to jurisdiction. It can take any where from a few weeks to many months.

Q: What do the services of immigration lawyers cost?

A: These vary. Labor certifications and the processing of an immigrant visa for a chef will range from $2,000 to $7,000.

Q: Who pays the immigration lawyer, the employee or the employer?

A: That is a matter between the employer and the employee. Sometimes an employee who is particularly valuable to the restaurateur would insist that the restaurateur pay the fee. The restaurateur should keep in mind that if he pays $3,000 in lieu of salary to a lawyer, he gets a direct tax deduction that is an ordinary and necessary business expense. If he pays $3,000 to the employee, not only is the employee taxed on that money, but he also must make his contributions to the federal tax system as an employer.

For more information on the Immigration and Naturalization Service and bringing foreigners into the country to work, contact NRA's legal department.

STATE DEPARTMENT

Ohio Restaurant Association fights unjust syrup tax—and wins

In an end-of-the-year struggle to balance Ohio's budget, the legislators added a last-minute tax on soft drink pre-mix and post-mix syrups. In the following interview, Bob Henry, executive director of the Ohio State Restaurant Association (OSRA), discusses the syrup tax and his association's legislative battle to make the tax more equitable for all those who buy and sell soft drinks.

NRA: Why did Ohio turn to a syrup tax to raise revenue?

Henry: Ohio was faced with a deficit of close to $1.3 billion. Due to the recession and unemployment, the legislators had not raised the income they had expected from state sales and income taxes and were looking for additional ways to raise revenue. Several of our legislators exchanged ideas with other states that already had a form of tax on soft drinks and thought such a tax would make up for the deficit without affecting the entire public.

Q: How did the syrup tax become law?

A: Originally, the tax was to be on soft drinks in bottles and cans. However, Ohio bottlers and their lobbyists convinced the legislators to switch the tax to syrup because they said restaurant operators made a lot of money selling soft drinks and so could easily absorb the tax.

In a conference committee behind closed doors, the tax was changed from bottles and cans to syrup, then the tax was incorporated into the state's $12 billion budget bill. The next day the issue was on the floor.

We were able to convince enough senators to kill the bill on the first vote. However, during a recess three senators were persuaded to change their votes, so the entire budget bill passed.

Q: What has the syrup tax cost restaurateurs?

A: The syrup tax, designed to raise $59 million over a 20-month period, was supposed to cost one penny for each 12-ounce serving. It was not until after the bill passed that it became clear the tax would impose five or six cents per 12-ounce glass.

Q: Who were the proponents and opponents of the original syrup tax and why?

A: The proponents of the syrup tax were the soft drink bottlers. Some of them hired one-shot lobbyists to convince the legislators and conferees to switch the tax from bottles and cans to syrup. These lobbyists had met with legislators in other states who knew what effect a tax on soft drinks would have on bottlers. I feel the bottlers were very unethical in this legislative battle especially considering all the money they earn from restaurateurs who use their syrups.

The opponents of the tax were restaurateurs who felt the tax unjustly placed the entire burden on them. If additional sources of revenue are needed, a soft drink tax should be levied equally on bottles and cans as well as syrups.

Q: What is OSRA doing to repeal the syrup tax?

A: At first OSRA lobbyist Steve Henry met with state restaurant operators and state legislators to explain why the syrup tax unfairly places the tax burden on foodservice operators. The legislators understood that they had been misled on the syrup tax. They were with us on the repeal but wanted to know where we were going to come up with the $59 million that the syrup tax would raise. These meetings led to the drafting of H.B. 855.

This bill is designed to equalize the tax burden and to restore the tax to the original intent of the legislators which was to levy a penny tax on 12 ounces of soft drink. H.B. 855 lowers the tax to that amount by reducing the syrup tax from $2.75 per gallon to $.77 per gallon. It also levies a penny tax on 12 ounces of soft drink whether sold in a bottle, can or paper cup.

H.B. 855 will raise more revenue than the original tax since it will bring in $60 million per year instead of $59 million over a 20-month period. There is also a repeal written into the bill that would take effect June 30, 1983.

Q: What lobbying techniques are being used by OSRA to enact the broad-based soft drink tax?

A: Many of our small operators and some good lobbyists from several major chains are supporting us in our effort to get H.B. 855 enacted. The bill has been incorporated into a new budget tax bill, amended substitute, S.B. 530, which is designed to alleviate the $1.2 billion deficit that still exists.

We tried to get a coalition organized with the bottlers to support H.B. 855 but they weren't interested in a repeal through the Ohio legislature. Because they wanted to avoid being taxed, they asked for a repeal through the Common Pleas court. The court declared the excise tax on syrup unconstitutional because it did not apply to all soft drinks equally—but the court allowed the tax to continue to be collected when an appeal was made by the state tax department. I believe that the appeal will probably go to the Supreme Court and that the tax will be upheld.

Q: Are you encountering any problems in your lobbying?

A: We will only win our effort to get H.B. 855 enacted if the restaurant industry works together.

Many restaurateurs are not in favor of H.B. 855 and are telling their legislators they want outright repeal. What they don't understand is that we're in an economic downturn and the legislators aren't willing to give up the $60 million that they will be getting from our industry. When the economy turns around, the legislators are willing to give us a repeal —and there is a repeal provision in the bill.

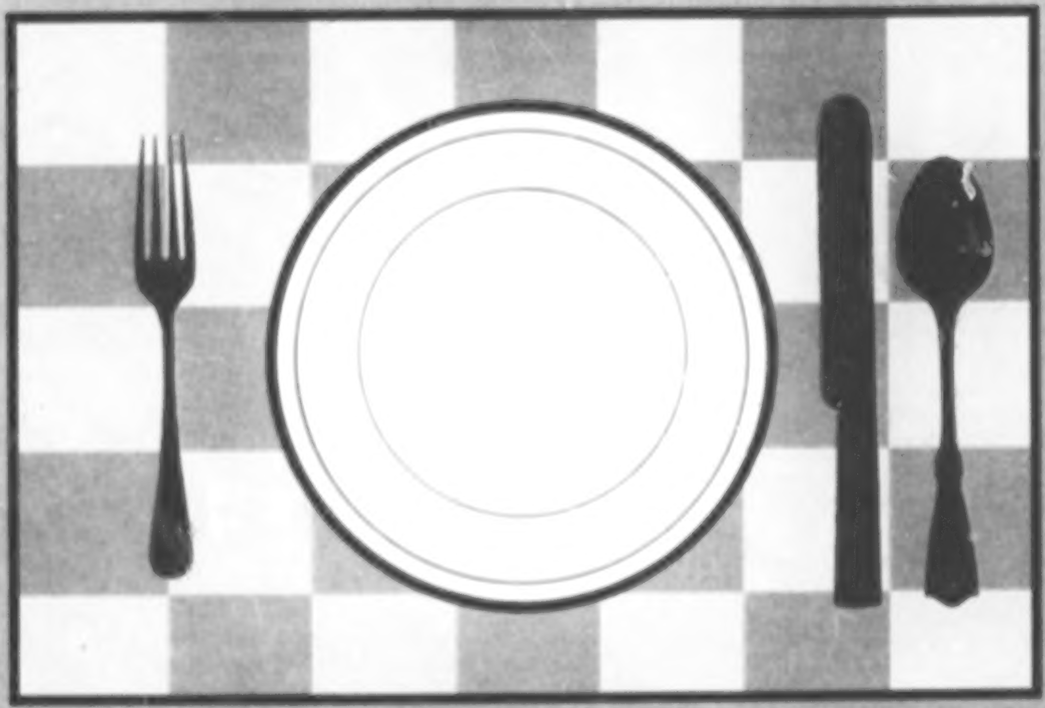
I feel that the biggest need restaurateurs have as an industry is to understand the legislative process, what their trade association really does and why they should listen to them.

Editor's Note: *As this issue of NRA NEWS went to press, OSRA was successful in getting the syrup tax repealed effective December 31, 1982.*

THE FOODSERVICE INDUSTRY

1980

IN REVIEW



The Foodservice Industry: 1980

This is the 13th annual National Restaurant Association report on the size and scope of the foodservice industry. It constructs a statistical framework for analyzing growth rates and understanding the relative importance of various market segments. It compares 1980 sales data with 1979 sales performance and discusses the effect of economic forces and other factors on industry sales.

For the first time, this report examines foodservice sales and purchases for major markets such as educational institutions, health care facilities and employee feeding programs. This was done to provide industry suppliers with the information they need to better serve the away-from-home market for meals and snacks.

When considering this report, please keep in mind that data are national in scope and do not show regional variations which can be substantial. The report covers only a two-year period. Percent changes noted here are thus not necessarily indicative of long-term trends. Individual firms can and do deviate significantly from the average percent changes indicated throughout the report.

Highlights

★ **Foodservice industry sales** totaled $114.6 billion in 1980. Although this represents an 8.7 percent increase over $105.5 billion in 1979, real sales (when adjusted for inflation) fell for the second consecutive year—down 0.6 percent. The recession, double-digit inflation and rising energy costs contributed to the poor performance.

Industry performance has picked up considerably since 1980.

★ The **proportion of the food dollar spent on food away from home** also declined slightly for the second straight year. In 1980, consumers allocated 36.5 percent of their food dollar to meals prepared outside the home—less than they spent in 1979 (37 percent) and in 1978 (38 percent).

★ **Consumer traffic** at the nation's restaurants dropped dramatically in the spring and summer quarters of 1980 —down 5.6 percent and 4.1 percent, respectively.

★ For the second consecutive year **menu prices** advanced at a faster pace than grocery store food prices—9.9 percent versus 8.0 percent.

★ Food and drink sales in the **Commercial Feeding Group** reached $96.6 billion in 1980—up 8.5 percent from $89 billion in 1979. However, when this figure is adjusted for inflation, real sales actually fell by one percent.

★ **Eating place sales** reached $67.7 billion in 1980. Although this figure represents an increase of 8.6 percent over the prior year, inflation-adjusted sales declined by one percent. This downturn follows a 0.7 percent drop in real sales recorded in 1979.

★ **Limited menu (fast food) restaurants** had the largest sales gain among eating places in 1980—10 percent. They were also the only eating place sector to record real sales growth in 1980—0.2 percent. This is well below 1979's gain of 1.1 percent.

★ Food and drink sales at **restaurants and lunchrooms**—establishments offering tableservice—reached $36 billion in 1980. Although this represents a 7.9 percent increase over sales in 1979, real sales growth (adjusted for inflation) declined 1.7 percent.

★ **Food contractors at colleges and universities** posted the largest sales gain in the foodservice industry in 1980—13.5 percent. Other segments which performed well include bakeries, ice cream stores, colleges and universitieis which operate their own foodservice as well as clubs.

★ **Institutional Feeding Group** sales reached $17.5 billion in 1980, up 9.8 percent from $15.9 billion in 1979. In addition, inflation-adjusted sales for this group rose 2.0 percent compared with an overall industry decline of 0.6 percent.

★ **Military feeding** experienced a considerable improvement in sales performance in 1980. Sales advanced 10.4 percent compared with a decline of 11.1 percent in 1979.

The statistical information and analysis presented here were prepared in consultation with the research firm of Malcolm M. Knapp, Inc.

Real sales fell...

Foodservice industry sales totaled $114.6 billion in 1980. Although this represents an 8.7 percent increase over $105.5 billion in 1979, real sales (when adjusted for inflation) fell for the second consecutive year—down 0.6 percent. This approximates the 0.5 percent drop recorded in 1979.

The Commercial Feeding Group experienced a one percent decline in inflation adjusted sales in 1980. The Institutional Feeding Group segment partially offset this decrease with positive real growth of two percent.

Overall inflation and the weak economy are the primary contributors to the poor sales performance. Inflation, as measured by the Consumer Price Index (CPI), rose at a faster rate in 1980 than in 1979—13.5 percent compared with 11.3 percent. Unemployment averaged 7.1 percent in 1980 versus a considerably lower 5.8 percent rate in the prior year. Real Gross National Product (GNP) was down 0.2 percent and real disposable personal income was up only slightly—0.7 percent.

As a result, consumers had a hard time maintaining their standard of living in 1980 and many cut back their discretionary spending. Record-high interest rates combined with credit controls, which were imposed in March, further curtailed spending. By the second quarter the economy was officially in a recession and by summer unemployment was rising.

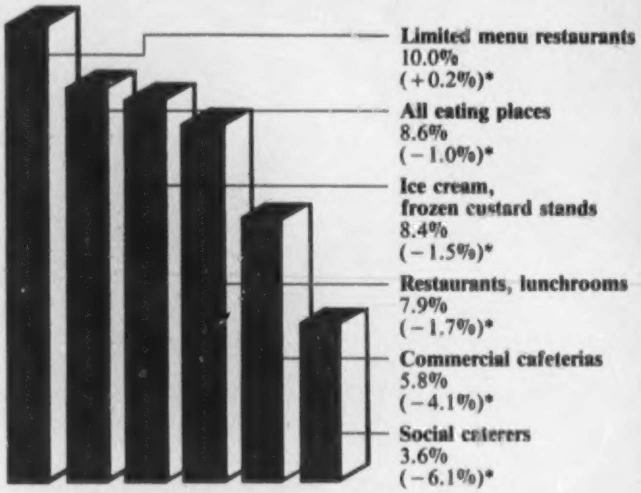
All this contributed to a decrease in restaurant customer traffic in 1980. After managing a slight increase in patron counts in January and February 1980, traffic at restaurants dropped dramatically in the spring and summer. According to CREST data, customer counts were off 5.6 percent in the March-April-May period and 4.1 percent in the June-July-August period. Although traffic picked up slightly during the last part of 1980, it was not enough to recoup the losses experienced in the spring and summer.

Menu prices rose faster than grocery prices...

Restaurant menu prices continued to outpace the rise in grocery store food prices in 1980 for the second consecutive year. The Consumer Price Index (CPI) for food away from home advanced 9.9 percent versus a considerably lower increase in prices for food at home of eight percent.

Wholesale food costs for restaurant operators rose at a slower pace in 1980, helping to hold menu price inflation below the double digit rate of 12.2 percent in 1979. Restaurant operators experienced a 5.0 percent increase in their food costs in 1980—considerably less of a jump than they experienced the year before (12.2 percent). Prices for beef and veal rose at a substantially slower rate in 1980 than in the prior year—3.2 percent versus 24.7 percent. Also contibuting to the moderate rise in wholesale food costs was a decline in prices for pork, fish and shellfish.

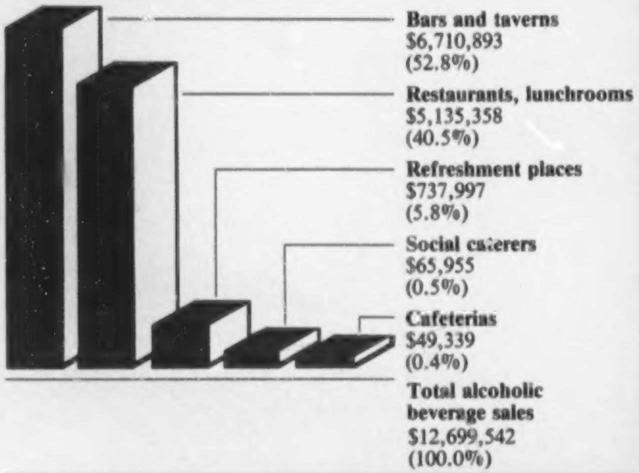
Percent change in sales growth for eating places 1979 to 1980 (current dollars)



**Real dollars, adjusted for inflation*

SOURCE: Malcolm M. Knapp, Inc.

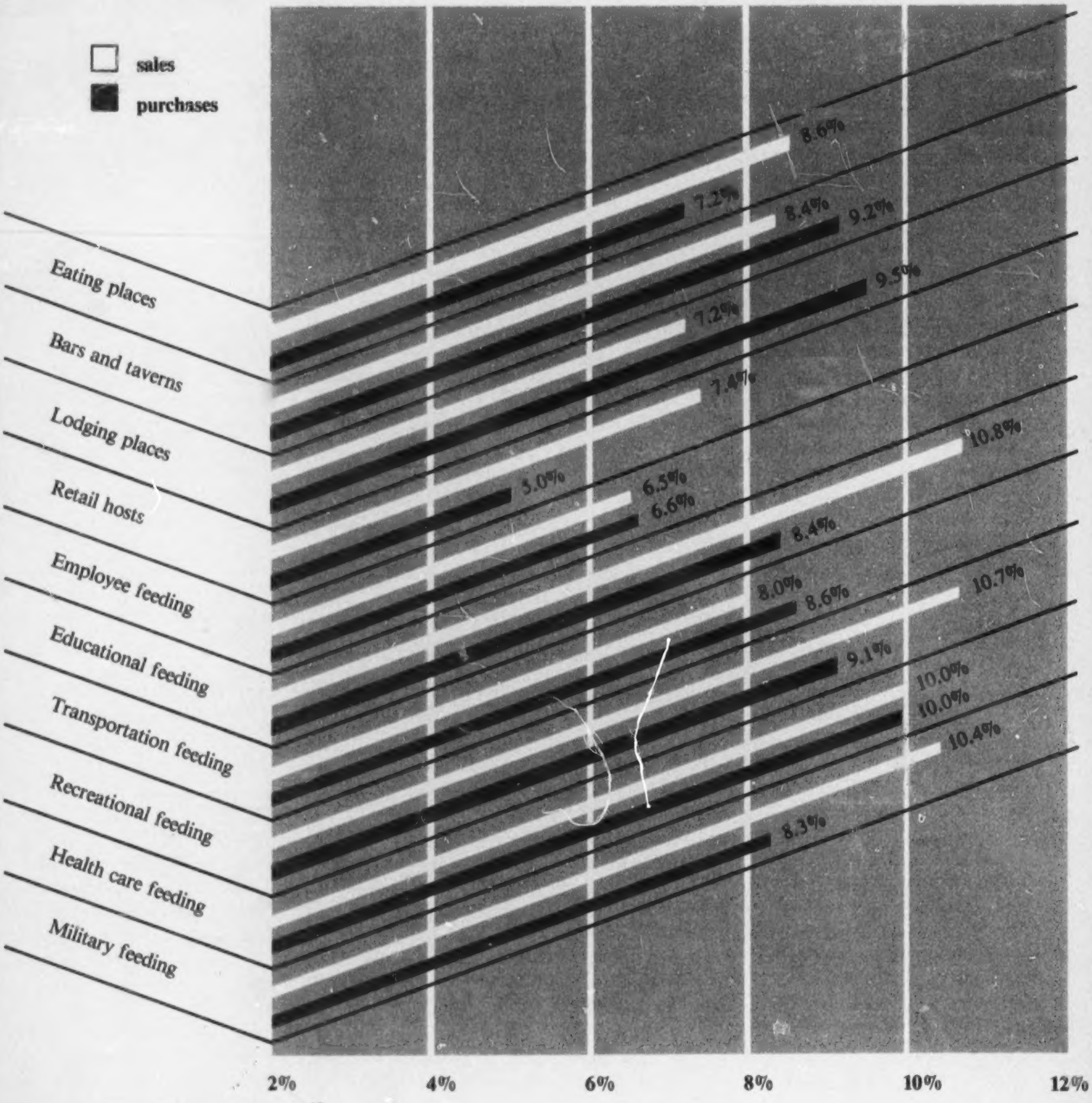
1980 Alcoholic beverage sales in eating and drinking places (000)



Note: Only those establishments with payrolls are included. Hotel, motel and motor hotel restaurants had combined alcoholic beverage sales of $1,789,042,000. Alcoholic beverage sales in other establishments totaled approximately $996 million in 1980.

SOURCE: Malcolm M. Knapp, Inc.

Percent change in food and drink sales and purchases 1979–1980



Sources: Malcolm M. Knapp, Inc.; National Restaurant Association

Spending on food away from home declined...

For the second consecutive year consumers increased their purchases from grocery stores at a faster rate than from foodservice operations. Real sales for foodservice were down 0.6 percent while real grocery store sales rose 2.2 percent.

The proportion of the food dollar spent on food away from home dropped in 1980 due to a decline in real expenditures at foodservice operations. Consumers allocated 36.5 percent of their food dollar on meals prepared outside their home, down from 37 percent in 1979 and a high of 38 percent in 1978. The proportion of disposable personal income spent in restaurants was slightly lower in 1980 as well, falling from 5.7 percent in 1979 to 5.5 percent.

Commercial Feeding Group sales reached $97 billion...

Food and drink sales in the Commercial Feeding Group—which accounts for 84 percent of the industry's $114.6 billion total—reached $96.6 billion in 1980. This represents an increase of 8.5 percent over 1979. However, when this figure is adjusted for inflation, real sales actually fell by one percent.

Food contractors at **colleges and universities** posted the largest gain in the Commercial Feeding Group in 1980 with an increase of 13.5 percent. Sales at **bakeries, butcher shops** and **ice cream stores** followed with a 12.7 percent rise. **Drive-in movies** and **social caterers** experienced the smallest growth in the Commercial Feeding Group, with gains of 3.3 percent and 3.6 percent, respectively.

Sales in the Institutional Feeding Group rose 9.8 percent in 1980, reaching a total of $17.5 billion. Foodservice sales at both **public and private colleges and universities** had the largest gains—12.8 percent and 12.3 percent, respectively.

Eating place sales totaled $67.7 billion...

Eating places, including restaurants, lunchrooms, limited menu (fast food) restaurants, commercial cafeterias, social caterers, as well as ice cream and frozen custard stands account for approximately 60 percent of total foodservice industry sales. In 1980 sales for these establishments reached $67.7 billion, an increase of 8.6 percent over 1979's level of $62.3 billion. Inflation-adjusted sales for this category declined one percent in 1980, continuing the steady decline over the last several years. Eating places experienced real sales growth of 5.8 percent in 1977 and 2.2 percent in 1978 but declined by 0.7 percent in 1979.

Limited menu restaurants posted largest gain...

Limited menu restaurants, including most fast food establishments, posted the largest sales gain among eating places in 1980—10 percent. When inflation is taken into account, the real sales growth was 0.2 percent—larger than for any other sector but lower than last year's gain of 1.1 percent.

Although the rate of growth has slowed over the last several years, fast food continued to capture a greater portion of eating place sales and total foodservice sales. In 1970, limited menu restaurants accounted for 29 percent of eating place sales and 14 percent of total foodservice sales. In 1980, their share was 40 percent and 24 percent, respectively.

Fast food operators expanded their menus in 1980 as a means to increase patronage. Breakfast received more attention, and lower cost menu items, such as chicken, were featured at dinner to build traffic.

In 1980 fast food restaurant operators also increased their use of promotions in an effort to build customer traffic and sales. According to CREST data, promotional activity was highest during the fall and winter quarters, accounting for 11.8 percent and 11.7 percent of the occasions.

Restaurant and lunchroom sales down by 1.7 percent...

Food and drink sales at **restaurants and lunchrooms** —establishments offering tableservice—reached $36 billion in 1980. Although this represents a 7.9 increase over sales in 1979, real sales declined by 1.7 percent.

Among other eating place categories, sales at **ice cream and frozen custard stands** reached $1.3 billion in 1980, an 8.4 percent advance over the prior year. Growth has slowed considerably in this category over the past several years—sales posted an 11 percent increase in 1979, 16.6 percent in 1978 and 25.3 percent in 1977. **Commercial cafeterias** posted a gain of 5.8 percent with total sales of $2.2 billion. **Social caterers** experienced the smallest increase in this category in 1980—3.6 percent.

Sales at bars and taverns totaled $7.8 billion...

Food and beverage sales at all **bars and taverns** (with or without foodservice) rose 8.4 percent in 1980 for a total of $7.8 billion. This compares with a smaller, 7.2 percent, gain in the prior year.

Lodging place sales up 7.2 percent...

Food and drink sales at **lodging places** totaled $6.6 billion in 1980, up 7.2 percent from the prior year. This compares with stronger growth of 8.9 percent in 1979 and 12.4 percent in 1978. Room prices rose 16 percent in 1980 and occupancy fell from 72 percent in 1979 to 69 percent in 1980, contributing to this slower growth.*

---

*Lodging place figures for 1979 and 1980 have been revised to be consistent with recently released *1977 Census of Selected Service Industries*. Sales published here are not comparable with previous years. Revised sales figures for prior years will be presented in a future issue of "Foodservice Trends."

1980 Eating place sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Restaurants, lunchrooms	[illegible]	[illegible]	7.9%	[illegible]	[illegible]	6.2%
Limited menu restaurants	24,936,227	27,434,837	10.0	9,043,325	9,842,465	8.8
Commercial cafeterias	[illegible]	[illegible]	[illegible]	775,819	[illegible]	[illegible]
Social caterers	748,981	775,944	3.6	295,248	302,514	2.5
Ice cream, frozen custard stands	[illegible]	[illegible]	8.4	[illegible]	[illegible]	6.5
Total eating places	$62,318,555	$67,701,826	8.6%	$23,240,078	$24,993,120	7.2%

1980 Lodging places sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Hotel restaurants	$ 4,109,463	$ 4,439,576	8.0%	$ 1,148,856	$ 1,521,068	32.4%
Motor hotel restaurants	742,518	791,227	6.6	282,544	271,413	−3.9
Motel restaurants	1,301,331	1,368,009	5.1	645,079	481,223	−25.4
Total lodging places	$ 6,153,312	$ 6,598,812	7.2%	$ 2,076,479	$ 2,273,703	9.5%

1980 Retail hosts sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Drug & proprietary store restaurants	$ 345,481	$ 357,571	3.5%	$ 131,283	$ 135,877	3.5%
General merchandise store restaurants	50,232	52,643	4.8	19,088	19,478	2.0
Department store restaurants	986,564	1,039,839	5.4	394,426	405,537	2.8
Variety store restaurants	419,270	453,231	8.1	163,515	172,228	5.3
Food stores (excluding grocery)	152,245	171,580	12.7	81,763	88,337	12.7
Grocery store restaurants	633,242	705,431	11.4	234,300	253,955	8.4
Gasoline service stations	368,649	383,075	4.3	132,788	137,506	3.5
Miscellaneous retailers	129,772	139,505	7.5	47,367	49,524	4.6
Total retail hosts	$ 3,075,495	$ 3,302,873	7.4%	$ 1,174,642	$ 1,233,843	5.0%

Food and drink sales at **hotels** experienced the largest gain in the lodging place category in 1980—up 8.0 percent to $4.4 billion. Hotels increased their emphasis on foodservice and catering for conventions, which contributed to the gain. Nonetheless, 1980's increase was down from 8.9 percent in 1979 and 12.6 percent in 1978.

Sales at **motor hotel restaurants** totaled $791 million in 1980—up 6.6 percent from 1979. This compares with a somewhat stronger 8.9 percent gain in the year earlier. **Motel restaurant** sales also slowed considerably in 1980, rising 5.1 percent to $1.4 billion. This compares with faster gains of 8.8 percent in 1979 and 11.8 percent in 1978. Gasoline price increases, coupled with slower gains in disposable personal income, forced many families to forego their summer vacation—and this hurt the motel sector.

Retail hosts sales totaled $3.3 billion. . .

Retail hosts, such as department stores and drug stores, are those establishments not primarily engaged in foodservice that incorporate a restaurant, cafeteria or snack bar within their location. Food and drink sales at these establishments totaled $3.3 billion in 1980, a 7.4 percent increase over the year earlier but less than the sales growth of 10.3 percent in 1979. Higher prices for most items changed how consumers shopped in 1980. They went to stores with a special purpose in mind: They did not 'browse' and were far less susceptible to impulse buying. As a result, they did not stay in the stores to eat.

Of all retail hosts, sales at **food stores, excluding grocery,** experienced the largest growth of 12.7 percent. Stores in this category include bakeries and ice cream stores.

1980 Employee feeding sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Industrial & commercial organizations						
Food contractors						
• Manufacturing & industrial plants	$ 2,016,619	$ 2,121,483	5.2%	$ 939,744	$ 988,590	5.2%
• Commercial & office buildings	541,134	603,906	11.6	252,168	281,414	11.6
Institutional feeding	1,301,995	1,376,668	5.7	636,715	673,232	5.7
Subtotal	$ 3,859,748	$ 4,102,057	6.3%	$ 1,828,627	$ 1,943,236	6.3%
Sea-going ships (1,000 + tons)	52,003	55,919	7.5	31,202	33,551	7.5
Inland waterway vessels	181,296	202,649	11.8	108,778	121,589	11.8
Total employee feeding	$ 4,093,047	$ 4,360,625	6.5%	$ 1,968,607	$ 2,098,376	6.6%

1980 Educational feeding sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Colleges & universities						
Contractors	$ 1,004,381	$ 1,139,972	13.5%	$ 355,541	$ 396,713	11.6%
Institutional						
Public	1,440,101	1,625,118	12.8	705,808	782,388	10.8
Private	599,247	672,954	12.3	$ 342,434	377,910	10.4
Subtotal	$ 3,043,729	$ 3,438,044	13.0%	$ 1,403,783	$ 1,557,011	10.9%
Primary & secondary schools Contractors	576,790	628,966	9.0	282,627	305,237	8.0
Institutional	2,136,253	2,312,195	8.2	2,906,886	3,117,110	7.2
Subtotal	$ 2,713,043	$ 2,941,161	8.4%	$ 3,189,513	$ 3,422,347	7.3%
Total educational feeding	$ 5,756,772	$ 6,379,205	10.8%	$ 4,593,296	$ 4,979,358	8.4%

1980 Transportation feeding sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Airlines Contractors	$ 476,067	$ 512,914	7.7%	$ 228,507	$ 246,188	7.7%
Institutional	441,334	475,494	7.7	219,837	236,848	7.7
Subtotal	$ 917,401	$ 988,408	7.7%	$ 448,344	$ 483,036	7.7%
Passenger/cargo liners	103,614	115,664	11.6	56,988	63,615	11.6
Railroads	31,631	32,775	3.6	21,768	25,654	17.8
Total transportation feeding	$ 1,052,646	$ 1,136,847	8.0%	$ 527,100	$ 572,305	8.6%

Grocery store restaurants, which include convenience stores, came next with an 11.4 percent increase in foodservice sales. Although this advance is significantly less than the 17.9 percent gain in 1979, faster growth can be expected over the next several years as convenience stores continue to expand their foodservice offerings.

Gasoline service stations also experienced a dramatic drop in foodservice sales growth in 1980—6.8 percent versus 15.1 percent in 1979. This is due primarily to a decrease in real gasoline sales.

In 1980 food and drink sales at **variety stores** and **miscellaneous retailers** advanced by 8.1 percent and 7.5 percent, respectively. On the other hand, **drug stores, general merchandise stores** and **department stores** recorded foodservice sales growth below the 7.4 percent average for the retail host category.

Mobile caterers posted slower sales growth...

Mobile caterers posted a considerably slower increase in sales in 1980 than in 1979—7.4 percent versus 12.6 percent. This is due primarily to a 1.4 percent drop in construction employment and a 3.5 percent decline in employment at industrial plants.

Growth in food and drink sales by **vending and non-store retailers** in 1980 also fell below the 1979 level—7.7 percent compared with 10.3 percent. One reason for the the downturn: The recession induced layoffs in plants serviced by vending machines.

Sales for employee feeding totaled $4.4 billion...

Food and drink sales in the employee feeding category totaled $4.4 billion in 1980, up 6.5 percent from $4.1 billion in 1979. Sales on **inland waterway vessels** posted the largest increase in this category—11.8 percent, somewhat slower than the 14.1 percent gain recorded in 1979. The high cost of gasoline caused many manufacturers to ship their goods via water, contributing to the above average growth recorded by this sector in 1980.

Food and drink sales for foodservice contractors at **commercial and office buildings** reached $604 million in 1980, up 11.6 percent from the year earlier. White collar employment rose almost three percent in 1980, contributing to this gain. Other factors that may have influenced employees to remain at their workplace for lunch include the relatively low cost of meals at these locations and the higher cost of gasoline.

Sales for foodservice contractors at **manufacturing and industrial plants** advanced a modest 5.2 percent in 1980 compared to 12.4 percent in 1979. This is due primarily to a 4.0 percent drop in blue collar employment and a 3.5 percent decline in manufacturing employment. **Industrial and commercial organizations** that operate their own foodservice also experienced slower sales growth in 1980—5.7 percent versus 11.6 percent in 1979.

Food and drink sales on **sea-going ships** rose 7.5 percent in 1980 compared with a somewhat stronger 8.4 percent gain in the prior year. Fewer employees in the merchant marine accounted for the slower growth.

Educational feeding sales up 10.8 percent...

Foodservice sales for the educational feeding category reached $6.4 billion in 1980, up 10.8 percent from $5.8 billion in 1979. Enrollment at colleges increased 4.6 percent, contributing to the above average sales growth.

Foodservice contractors at **colleges and universities** posted the strongest increase in the educational feeding segment—13.5 percent. Institutional feeding sales at **public colleges and universities** came next with a 12.8 percent advance. Sales at **private colleges and universities** that operate their own foodservice facilities totaled $673 million in 1980, up 12.3 percent from the year earlier.

Food and drink sales by food contractors at **primary and secondary schools** rose 9.0 percent in 1980 while sales in this category for schools operating their own foodservices rose 8.2 percent. This compares with larger gains of 9.5 percent and 10.2 percent, respectively, in the prior year. Overall enrollment at primary and secondary schools declined in 1980, contributing to the slower rise in sales.

Sales for transportation feeding category up 8.0 percent...

Food and drink sales for the transportation feeding category rose eight percent in 1980. **Passenger/cargo liners** had the largest sales gain—up 11.6 percent. Although cruise ships continued to grow in popularity, 1980's increase was well below 1979's 16.6 percent advance.

In-transit feeding (airlines) by foodservice contractors rose 7.7 percent in 1980, well below the 20.2 percent gain recorded in 1979. Foodservice sales for **airlines** which operate their own foodservice also slowed considerably in 1980, up 7.7 percent compared with a rise of 20.3 percent in 1979. Slower growth in 1980 was due to a 6.8 percent decline in the number of domestic travelers in 1980 and no change in the number of foreign visitors.

Foodservice sales on the nation's **railroads** advanced a modest 3.6 percent in 1980, well below 1979's impressive 26 percent gain. Like airlines, the railroads suffered from a drop in the number of people travelling.

Recreational feeding sales totaled $3.5 billion...

Foodservice sales for the recreational feeding category totaled $3.5 billion in 1980, up 10.7 percent from $3.2 billion in 1979. Food and drink sales at **clubs** experienced the most rapid growth in this category—12.1 percent—well above the 9.5 percent gain recorded in 1979. Membership at both country and city clubs increased in 1980 as people chose to stay closer to home and use club facilities for recreation.

Sales by foodservice contractors at **recreation and sports centers** rose an above average 11.7 percent in 1980 while sales at **recreation and sports centers** operating their own foodservice facilities rose 11 percent. Contributing to these strong gains was an increase in overall attendance at spectator sports and at amusement parks. On the other hand, **sporting and recreational camps, bowling lanes** and **drive-in movies** recorded sales growth below the 10.7 percent average for this category in 1980.

Foodservice sales at health care facilities up 10 percent...

Foodservice sales at health care facilities increased 10 percent in 1980. Sales at **voluntary and proprietary hospitals,** which operate their own foodservice, were up by 11.2 per-

1980 Recreational feeding sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Recreation & sports centers Contractors	$ 875,370	$ 977,788	11.7%	$ 323,887	$ 355,915	9.9%
Institutional	632,310	701,768	11.0	233,955	255,443	9.2
Subtotal	$ 1,507,680	$ 1,679,556	11.4%	$ 557,842	$ 611,358	9.6%
Drive-in movies	161,871	167,213	3.3	53,417	55,180	3.3
Bowling lanes	458,049	500,922	9.4	174,059	187,846	7.9
Clubs	941,944	1,055,919	12.1	453,499	498,394	9.9
Sporting & recreational camps	107,231	114,244	6.5	64,350	68,558	6.5
Total recreational feeding	$ 3,176,775	$ 3,517,854	10.7%	$ 1,303,167	$ 1,421,336	9.1%

1980 Health care feeding sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Contractors in hospitals & nursing homes	$ 751,334	$ 832,480	10.8%	$ 300,534	$ [illegible]	10.8%
Voluntary & proprietary hospitals	4,290,555	4,771,098	11.2	1,716,222	1,908,439	11.2
State & local short-term hospitals	656,089	723,645	10.3	459,806	[illegible]	9.9
Long-term hospitals	820,153	854,510	4.2	328,061	341,804	4.2
Federal hospitals	288,657	318,995	10.5	236,321	261,539	10.7
Nursing homes	2,205,805	2,416,239	9.5	1,394,642	1,527,667	9.5
Total health care feeding	$ 9,012,683	$ 9,916,967	10.0%	$ 4,435,586	$ [illegible]	[illegible]

1980 Military feeding sales and purchases

	Estimated food and drink sales (000)			Estimated food and drink purchases (000)		
	1979	1980	Percent change	1979	1980	Percent change
Defense personnel				$ 1,537,259	$ 1,664,390	8.3%
Officers & NCO clubs ("Open mess")	359,555	392,531	9.2%	135,552	145,854	7.6
Food service-military exchange	195,321	219,800	12.5	85,941	95,343	10.9
Total military feeding	$ 554,876	$ 612,331	10.4%	$ 1,758,752	$ 1,905,587	8.3%

cent. Also experiencing above average growth were foodservice contractor sales at **hospitals and nursing homes** and institutional sales for **federal hospitals** and **state and local short-term hospitals.** Strong gains in foodservice sales at these hospitals were due to an increase in the number of patients and employees in 1980.

Nursing homes and **long-term hospitals** operating their own foodservice recorded the slowest sales growth in this category—9.5 percent and 4.2 percent, respectively.

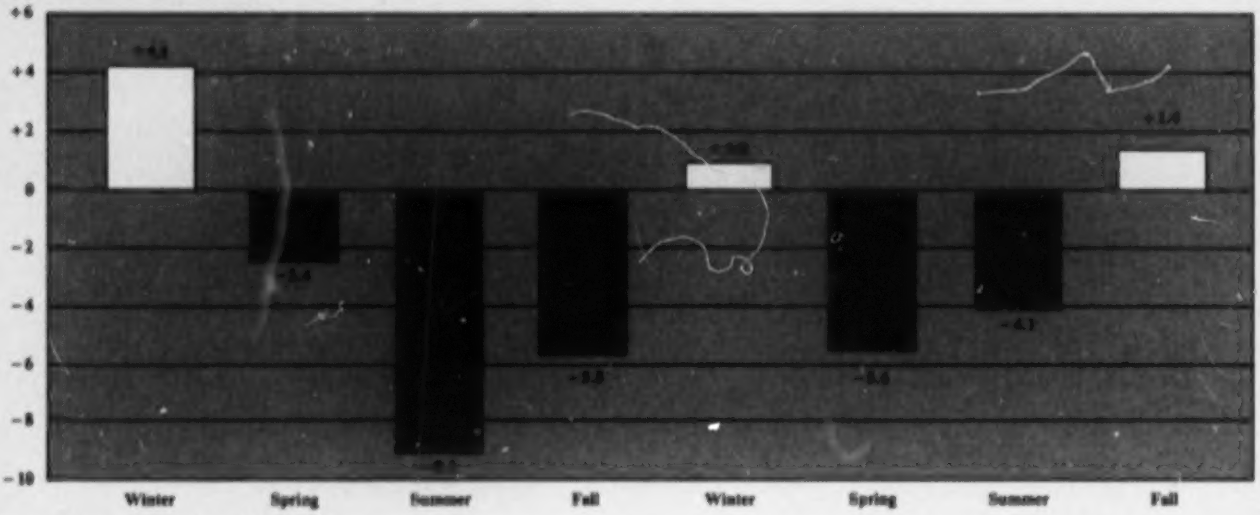
Community centers sales rose 10.2 percent...

Food and drink sales at **community centers** reached $351 million in 1980, a 10.2 percent increase over 1979. Participation in the breakfast program was up 6.3 percent, contributing to this above average sales performance.

Military Feeding Group sales up...

The Military Feeding Group experienced a dramatic improvement in sales performance in 1980. Food and drink sales advanced 10.4 percent compared with a decline of 11.1 percent in 1979. Although the military population declined slightly in 1980, patronage at **post-exchange foodservice establishments** outpaced the rate of menu price inflation, resulting in a 12.5 percent sales gain. Sales at **officers and NCO clubs** were up by 9.2 percent. Military sales will most likely continue to increase in future years, benefiting from the nation's efforts to increase troop strength.

Percent change in quarterly customer traffic*
Winter '79–Fall '80



*Percent change from same period in prior year

Source: CREST, NPD Research, Inc.

NRA FOODSERVICE INDUSTRY—TERMS OF REFERENCE

There are many ways to define the components of the foodservice industry. We have chosen a way that seems reasonable to us, but we recognize that this is a very complex industry and that there are several communities of industry participants. NRA's approach breaks the elements of the foodservice industry into many fine segments so that any industry participant can recombine them into different major groups or subgroups to suit his particular needs. Groupings are to some extent arbitrary, and the categories rarely have neat, sharp boundaries. We define the Foodservice Industry as encompassing all meals and snacks prepared outside the home, and therefore include all take out meals and beverages in this definition.

The major foodservice groupings used by the NRA in its analysis of the industry are as follows:

COMMERCIAL FEEDING (GROUP I): This group comprises those establishments which are open to the public, are operated for profit and which may operate facilities and/or supply meal service on a regular basis for others. Commercial feeding accounts for nearly 85 percent of the sales, and includes eating and drinking places, foodservice contractors, hotel and motel restaurants and restaurants in department stores, drug stores, etc.

EATING PLACES: Dollar sales for eating places are for those with payroll only. Thus our figures may be slightly lower than estimates which include all establishments. Our dollar volume estimates for eating places refer to restaurants and lunchrooms, commercial cafeterias, limited menu restaurants, ice cream and frozen custard stands and social caterers. They do not include contract feeders, which are shown separately, although the Bureau of the Census data include contract feeders in their eating place category.

INSTITUTIONAL FEEDING (GROUP II): This group comprises the business, educational, government and institutional organizations which operate their own foodservice. Food is provided as an auxiliary service to complement their other activities. While some establishments operate at a profit, this is not the aim of the foodservice activity. Rather, they serve food principally as a convenience for their own employees, students, patients, etc.

MILITARY FEEDING (GROUP III): This group comprises the sales of food and beverages at officers' and NCO clubs and military exchanges, as well as defense foodservice to the troops. This group has been shown separately because most suppliers treat it as a distinct entity for sales purposes.

Estimated food and drink sales and purchases, 1980

# of Units	Type of establishment	Estimated food and drink sales (000) 1979	Estimated food and drink sales (000) 1980	Percent gain (loss)	Estimated food and drink purchases (000) 1980	Source
	Group I: Commercial Feeding Group[1]					
	Eating places					
121,461[2]	Restaurants, lunchrooms	$ 33,398,455	$ 36,037,601	7.9	$ 13,531,128	*1, 21, 22, 23*
101,587	Limited menu restaurants	24,936,227	27,434,837	10.0	9,842,465	*1, 21, 22, 23*
6,856	Commercial cafeterias	2,045,336	2,163,965	5.8	820,827	*1, 22, 23*
3,380	Social caterers	748,981	775,944	3.6	302,514	*1, 22*
8,749	Ice cream, frozen custard stands	1,189,556	1,289,479	8.4	406,186	*1, 21, 22*
242,033	**Total—Eating places**	**$ 62,318,555**	**$ 67,701,826**	**8.6**	**$ 24,903,120**	
38,879[3]	**Bar & Taverns**	7,178,715	7,779,573	8.4	491,593[4]	*1, 22*
280,912	**Total—Eating & drinking places**	**$ 69,497,270**	**$ 75,481,399[5]**	**8.6**	**$ 25,394,713**	
7,836[6]	**Food contractors**					
	Manufacturing & industrial plants	2,016,619	2,121,483	5.2	988,590	*1, 19, 27*
	Commercial & office buildings	541,134	603,906	11.6	281,414	*1, 27*
	Hospitals & nursing homes	751,334	832,480	10.8	332,992	*13*
	Colleges & universities	1,004,381	1, 139,972	13.5	396,713	*2, 4*
	Primary & secondary schools	576,790	628,966	9.0	305,237	*3*
	In-transit feeding (airlines)	476,067	512,914	7.7	246,188[7]	*9*
	Recreation & sports centers	875,370	977,788	11.7	355,915	*1, 23, 24, 29*
	Total—Food contractors	**$ 6,241,695**	**$ 6,817,509**	**9.2**	**$ 2,907,049**	
	Lodging places					
13,768	Hotel restaurants	4,109,463	4,439,576	8.0	1,521,065	*1, 23, 25, 26*
2,423	Motor hotel restaurants	742,518	791,227	6.6	271,413	*1, 23, 25, 26*
13,651	Motel restaurants	1,301,331	1,368,009	5.1	481,225	*1, 26*
29,842	**Total—Lodging places**	**$ 6,153,312**	**$ 6,598,812**	**7.2**	**$ 2,273,703**	
	Retail hosts					
8,619	Drug & proprietary store restaurants	$ 345,481	357,572	3.5	135,877	*1*
1,644	General merchandise store restaurants	50,232	52,643	4.8	19,478	*1*
5,202	Department store restaurants	986,564	1,039,838	5.4	405,537	*1, 30*
5,111	Variety store restaurants	419,270	453,231	8.1	172,228	*1*
3,967	Food stores except grocery	152,245	171,580	12.7	58,337	*1*
23,001	Grocery stores restaurants	633,242	705,431	11.4	253,955	*1*
8,232	Gasoline service stations	358,649	383,073	6.8	137,906	*1*
3,608	Miscellaneous retailers (liquor, cigar, etc.)[8]	129,772	139,505	7.5	49,524	*1*
59,384	**Total—Retail hosts**	**$ 3,075,455**	**$ 3,302,873**	**7.4**	**$ 1,232,842**	
	Recreation & sports					
2,882	Drive-in movies	161,871	167,213	3.3	55,180	*1*
3,933	Bowling lanes	458,049	500,922	9.4	187,846	*1*
N/A	Recreation & sports centers	632,310	701,768	11.0	255,443	*1, 24, 29*
6,815	**Total—Recreation & sports**	**$ 1,252,230**	**$ 1,369,903**	**9.4**	**$ 498,469**	
	All other					
3,267	Vending & non-store retailers[9]	2,347,474	2,528,229	7.7	844,428	*1, 19*
N/A	Mobile caterers	434,360	466,720	7.4	160,085	*1, 2*
3,267	**Total—All other**	**$ 2,781,834**	**$ 2,994,949**	**7.7**	**$ 1,004,513**	
388,056	**TOTAL—GROUP I**	**$ 89,001,796**	**$ 96,565,445**	**8.5**	**$ 33,311,289**	

# of Units	Type of establishment	Estimated food and drink sales (000)		Percent gain (loss)	Estimated food and drink purchases (000)	Source
		1979	1980		1980	
	Group II: Institutional Feeding Group—Educational, government or institutional organizations which operate their own food service					
	Employee feeding					
4,000	Industrial & commercial organizations	$ 1,301,995	$ 1,376,668	5.7	$ 673,232	*20, 27*
551	Sea-going ships (1,000+ tons)	52,003	55,919	7.5	33,551	*6*
4,248	Inland waterway vessels	181,296	202,649	11.8	121,589	*7*
8,799	**Total—Employee feeding**	**$ 1,535,294**	**$ 1,635,236**	**6.5**	**$ 828,372**	
	Educational feeding					
95,471	Public & parochial elementary & secondary schools (94,535 national school lunch program)[10]	2,136,253	2,312,195	8.2	3,117,110	*3*
1,017	Public colleges & universities[11]	1,440,101	1,625,118	12.8	782,388	*3*
1,533	Private colleges & universities[11]	599,247	672,954	12.3	377,910	*2,4*
98,021	**Total—Educational feeding**	**$ 4,175,601**	**$ 4,610,267**	**10.4**	**$ 4,277,408**	
	Transportation feeding					
68	Passenger/cargo liners	103,614	115,664	11.6	$ 63,615	*8*
63	Airlines	441,334	475,494	7.7	236,848	*9*
2	Railroads	31,631	32,775	3.6	25,654	*10*
133	**Total—Transportation feeding**	**$ 376,579**	**$ 623,933**	**8.2**	**$ 326,117**	
	Hospital feeding					
4,052	Voluntary & proprietary hospitals	4,290,555	4,771,098	11.2	1,908,439	*13*
1,852	State & local short-term hospitals[12]	656,099	723,645	10.3	505,254	*13*
702	Long-term, general, TB, nervous & mental hospitals	820,153	854,510	4.2	341,804	*13*
359	Federal hospitals[12]	288,657	318,995	10.5	261,539	*13*
6,965	**Total—Hospital feeding**	**$ 6,055,464**	**$ 6,668,248**	**10.1**	**$ 3,017,036**	
25,130	Nursing homes, homes for the aged, blind, orphans, mentally & physically handicapped[13]	2,205,805	2,416,239	9.5	1,527,667	*14*
	Miscellaneous					
10,310	Clubs	941,944	1,055,919	12.1	498,394	*5*
2,249	Sporting & recreational camps	107,231	114,244	6.5	68,558	*1, 11*
16,010	Community centers	318,723	351,233	10.2	414,448	*12*
N/A	Convents & seminaries	***	***	***	118,090	*17*
28,569	**Total—Miscellaneous**	**$ 1,367,898**	**$ 1,521,396**	**11.2**	**$ 1,099,490**	
	Penal institutions					
620	Federal & state prisons	***	***	***	$ 258,340	*15*
3,493	Jails	***	***	***	205,703	*16*
4,113	**Total—Penal institutions**	***			**$ 464,043**	
171,730	**TOTAL—GROUP II**	**$ 15,916,641**	**$ 17,475,319**	**9.8**	**$ 11,540,133**	
559,786	**TOTAL—GROUPS I & II**	**$104,918,437**	**$114,040,764**	**8.7**	**$ 44,851,422**	
	Food furnished food service employees in groups I & II				3,329,160	*18*
	TOTAL—GROUPS I, II & FSE	**$104,918,437**	**$114,040,764**	**8.7**	**$ 48,180,582**	
	GROUP III: Military Feeding Group					
	Defense personnel	***	***		$ 1,664,390	*18*
700	Officers & NCO clubs ("open mess")[14]	$ 359,555	$ 392,531	9.2	145,854	*28*
556	Food service-military exchange[14]	195,321	219,800	12.5	95,343	*28*
1,256	**TOTAL—GROUP III**	**$ 554,876**	**$ 612,331**	**10.4**	**$ 1,905,587**	
561,042		**$105,473,313**	**$114,653,095**	**8.7**	**$ 50,086,169**	

Note: Footnotes and sources appear on next page.

Sources and footnotes for table on pages 34 and 35

SOURCES

1. U.S. Bureau of the Census: Census of Business; *1972 Census of Retail Trade, Merchandise Line Sales; Sales Size; Miscellaneous Subjects; 1972 Selected Services; Hotels, Motels, Trailering Parks and Camps; 1977 Census of Retail Trade, Sales Size, Merchandise Line Sales, Miscellaneous Subjects; 1977 Census of Selected Services, Current Retail Trade Reports, Monthly Selected Services Receipts, Series BS.*
2. Industry sources.
3. Based on data from U.S. Department of Agriculture, Food and Nutrition Service; HEW Office of Education "Fall 1980 Statistics of Public Schools;" HEW *Digest of Educational Statistics* 1979, 1980; National Catholic Education Assn/Granley's 1978 and 1979, *Catholic Schools in America; Current Population Reports*, Series P-20, Nos. 222, 303, 319, 321.
4. Estimated: Based on *College and University Business*, December, 1970; HEW *Digest of Educational Statistics*, 1979, 1980; HEW advanced 1981 data; Bureau of the Census *Current Population Report, Series P-20,* No. 245 "Living Arrangements of College Students," October 1971; HEW National Center for Educational Statistics unpublished data.
5. Estimated: Based on U.S. Department of Commerce, Bureau of Economic Analysis; "Personal Consumption Expenditures," *Survey of Current Business* July 1981; *Clubs in Town and Country 1980*, Pannell, Kerr, Forester.
6. Estimated: Based on data supplied by U.S. Maritime Commission, Immigration and Naturalization Service; *Statistical Abstract of the United States 1981,* Tables 1150 and 1154.
7. Estimated: Based on data supplied by American Waterways Operators, Inc.; individual companies; *Statistical Abstract of the United States, 1981,* "Waterborne Commerce of the U.S.," Table 1138.
8. Estimated: Based on data supplied by the U.S. Maritime Commission, Immigration and Naturalization Service and individual passenger lines; *Statistical Abstract of the United States, 1981*, Tables 414 and 1158.
9. Estimated: Based on data supplied by Air Transport Association, *Air Transport World;* individual companies; CAB Form 41 and Merrill, Lynch, Pierce, Fenner & Smith air transport analyst; *Statistical Abstract of the United States,* 1981, Tables 1123 and 1127.
10. Estimated: Based on data supplied by the Association of American Railroads and Amtrak Corporation.
11. Estimated: Based on data from the American Camping Association and individual companies.
12. Estimated: Based on information from YMCA Statistical Division, U.S. Department of Agriculture, Food and Nutrition Service and industry sources.
13. Estimated: Based on data from the American Hospital Association, *Hospital Statistics 1981,* "HAS Six Month National Comparison period ending June 30, 1979, June 30, 1980, December 1979 and December 1980." American Hospital Association; Veterans Administration and individual companies.
14. Estimated: Based on data from the National Center for Health Statistics; *1970 Census of Population;* American Hospital Association; *NIH Master Facilities Inventory 1978;* unpublished data.
15. Estimated: Based on information from the Bureau of Prisons, Department of Justice, "Prisoners in State & Federal Institutions," December 31 annual, *Corrections Magazine.*
16. Estimated: Based on Department of Justice, Law Enforcement Assistance Administration, *"Census of Jails and Survey of Jail Inmates, 1978* and unpublished data.
17. Estimated: Based on information from the Office Catholic Directory, P. J. Kenedy & Sons, interviews with suppliers.
18. Defense Personnel Support Center, Philadelphia unpublished data; Bureau of Economic Analysis, "Personal Consumption Expenditures," *Survey of Current Business*, July 1981.
19. Estimated: Based on *Vending Times*, "Survey of the Industry," June 1980 and June 1981.
20. Industry sources.
21. *Franchising in the Economy*, 1980-82, Bureau of Domestic Commerce, U.S. Department of Commerce.
22. *Producer Price Index; Consumer Price Index;* Bureau of Labor Statistics, U.S. Department of Labor.
23. Company annual reports.
24. Estimated: Based on *Statistical Abstract of the United States, 1981,* Tables 392, 396, 402 and 403, Bureau of Economic Analysis "Personal Consumption Expenditures," *Survey of Current Business,* July 1981.
25. Estimated: Based on Laventhol & Horwath, *Loding Industry 1981; Trends in the Hotel–Motel Business, 1980;* Pannell, Kerr, Forester.
26. American Hotel & Motel Association *Construction & Modernization Report.*
27. Estimated: Based on *Employment and Earnings,* Bureau of Labor Statistics, "Occupation of Employed Workers by Sex, 1960-1980."
28. Army Times Publishing Company.
29. *AudArena Stadium,* 1981.
30. *Department and Speciality Store Merchandising and Operating Results of 1980,* National Retail Merchants Association.

FOOTNOTES

1. Data are given only for establishments with payroll.
2. Figures are latest Census Area Reports or Merchandise Line detail counts or updates when reliable data become available.
3. Unit count includes only those establishments serving food; however, sales figure is for all bars and taverns with payroll.
4. Food only. Cost of alcoholic beverages totaled $2,348,812,000.
5. Food and drink sales for nonpayroll establishments totaled $2,356,643,000 with eating places accounting for $1,462,013,000 and drinking places $894,630,000.
6. Individual businesses, not locations. Contract feeders are included in eating place totals in all Bureau of the Census publications although their sales volume figures for contract feeders are significantly understated.
7. Food purchase only.
8. Includes SIC 59, except 591 and 596.
9. Includes sales of hot foods, sandwiches, pastries, coffee and other hot beverages.
10. School lunch commodities furnished in the calendar year 1980 under Secs. 6, 32, 416 are worth $925,722,000. In addition, 1,751,400,000 half pints of milk worth $137,137,010 were supplied to 85,378 outlets.
11. Total number of colleges and universities which have foodservice whether contracted or not.
12. Represents sales or commercial equivalent to employees.
13. Sales (commercial equivalent) calculated for Nursing Homes and Homes for Aged only. All others in the grouping make no charge for food served either in cash or in kind.
14. Continental U.S. only.

***These institutions make no charge for food served either in cash or kind.

Definitions, sources and methodology

Although there are many ways to define the components of the foodservice industry, this report organizes the various elements into three major groups: the Commercial Feeding Group, the Institutional Feeding Group and the Military Feeding Group. For a description of each category, please see the box on page 33. Portions of the Commercial Feeding and Institutional Feeding Groups have been recombined into categories such as employee feeding, health care and educational feeding in the analysis of sales performance in 1980.

In addition to these general categories, this report defines a restaurant or lunchroom as an establishment that provides waiter service. In contrast, a limited menu restaurant or refreshment place usually does not provide waiter service.

Readers may note that the 1980 eating place sales figures presented here are lower than those published by the Census Bureau in its "Current Retail Trade Reports" series. (Census revised its 1980 sales figures in April 1981 and in April 1982.) The census data include contract feeders. In this report all contract feeding appears as a separate Commercial Feeding Group segment.

Study figures. . .

The figures in this study were obtained from trade associations, various government data (both published and unpublished), published reports and discussions with foodservice executives in many segments of the industry. Whenever possible, several approaches and sources were used for the industry segment under examination to arrive at a set of answers in close agreement with each other. This has proved particularly useful where data are "soft." Source materials used in making our estimates are listed on the preceding page and are noted on the tables on pages 34 and 35.

Sales data for many of the Commercial Feeding Group segments of the foodservice industry are based on the *1977 Census of Retail Trade*. Exceptions are sales for hotels, motels, camps and clubs for which the *1977 Census of Selected Services* was used. In addition, the "Merchandise Line" and "Miscellaneous Subjects" reports from the *1977 Census of Retail Trade* provided the proportion of meals and snack sales to total sales for eating and drinking places, retail hosts and other non-store retailers.

For the Commercial Feeding Group, sales figures were determined first and then food and drink purchases were calculated from the sales figures on the basis of food and beverage costs as a percent of sales. In the Institutional Feeding Group, purchases were calculated from a cost per meal times the number of meals consumed in the particular segment. Where a direct charge is not made, such as in a proprietary hospital, commercial equivalent sales were calculated as a multiple of food costs.

There are some exceptions, however. For airlines, estimated sales were taken to mean estimated purchases from a contractor or the internal cost of foodservice operations by the airline. The sales figures do not include the cost of serving meals or beverages. When there is no charge for the serving of meals—as in federal hospitals which do not charge veterans for service, this report assumes no sales transaction has taken place.

Editor's Note: *Questions concerning the content of this article or requests for additional copies should be directed to the National Restaurant Association, Research and Information Services Department, 311 First St., N.W., Washington, DC 20001.*

Percent change in economic indicators and foodservice industry sales 1979–1980

	Current dollars	Real dollars*
Gross National Product (GNP)	8.8%	−0.2%
Personal consumption expenditures	10.7	0.4
Durable goods expenditures	−0.2	−7.4
Non-durable goods expenditures	12.2	1.1
Services expenditures	12.8	2.6
Disposable personal income	11.0	0.7
Foodservice industry	8.7	−0.6
Commercial feeding	8.5	−1.0
Eating places**	8.6	−1.0
Institutional feeding	9.8	2.0

*Adjusted for inflation

**Eating places include restaurants, lunchrooms, social caterers, commercial cafeterias, limited menu restaurants as well as ice cream and frozen custard stands.

SOURCES: Survey of Current Business, December 1981; Malcolm M. Knapp, Inc.

NRA research department—industry's data source

Menu prices are moderating . . . Customer traffic is up . . .
Increases in foodservice sales are projected . . .
Wholesale prices moderate . . . Vacation travel up . . .

If you have just been quoted data on the state of the foodservice industry, chances are it was gathered, analyzed or published by NRA's research and information services department.

From forecasts of future industry sales to creative studies on consumer moods and patterns—every year NRA's research department is responsible for 35 reports, studies and original research on the economic well being of the foodservice industry and its future prospects.

To develop credible information, the department's seven-member staff draws on original NRA research, government studies as well as work done by respected research companies, such as Gallup Organization, N.P.D. Research and the Conference Board.

"Over the last few years, we have tried to fill the gaps in foodservice research," explains Susan Mills, director of NRA's research and information services department. "In today's competitive marketplace, it is imperative that foodservice operators are able to compare their operations to general industry trends. We give them this opportunity in as many different areas, on as many different levels as possible."

NRA's research department has also become an important information source for the national, trade and local press. Besides making our own research available, NRA's information service—a library of foodservice publications and reports—keeps current files on all industry-related data," says Mills.

During the past year, the research department has published an impressive list of studies, reports and surveys which include

- Consumer reactions to and attitudes toward restaurant promotions
- How consumers make the decision to eat out
- Market research for the restaurateur: a do-it-yourself handbook for market research
- Restaurant industry operations report: 1982
- Executive compensation and benefits in the foodservice industry
- Benefits for non-exempt employees in the foodservice industry: 1982
- 1982 forecast for industry sales
- Foodservice sales panorama: Featuring industry sales for 1970 through 1980

NATIONAL RESTAURANT ASSOCIATION
prepared by
NRA
RESEARCH DEPARTMENT

Most of the information in these projects is published here in *NRA News*.

"Just as important as our research role in the industry, is the information back-up we provide NRA's government relations department," continues Mills. Whether the issue is beef grading, dairy price supports or emergency energy allocation, the research department provides substantive data supporting testimony on Capitol Hill. In sum, NRA's research staff serves as the industry's research arm.

Summer travel outlook favorable to foodservice industry

More people will be traveling this June, July and August, and this should benefit the restaurant industry. According to a survey by the U.S. Travel Data Center, vacation travel is expected to increase six percent this summer over the same period last year. Not only have more people indicated that they plan to travel, but they also said they will be traveling farther and staying at their destinations longer than in 1981.

This bodes well for the foodservice industry since last August alone travelers spent an estimated $6.4 billion in the nation's restaurants — the equivalent of six percent of total Commercial Group food and beverage sales in 1981. (See November 1981 "Foodservice Trends" section of *NRA News.*)

Percent change in vacation travel

	June/July/August 1982	June/July/August 1981	Percent change
Number of adults taking vacation trips	113 million	110 million	2.7%
Number staying in hotels/motels*	121 million	114 million	6.1
Number staying with friends/relatives*	114 million	122 million	–6.6
Average trip duration	6.07 days	5.98 days	1.5

*Denotes number of "vacation person-trips" — a term used by the U.S. Travel Data Center to indicate each time one person goes on a trip to a place 100 miles or more away from home.

Source: U.S. Travel Data Center, *1982 Outlook for Summer Travel: A Guide to Vacation Markets.*

Restaurant expenditures by August 1981 travelers

	Average spent per day	Average total per trip
Mode of transportation		
Airplane	$31	$239
Car	22	112
Reason for trip		
Pleasure	25	145
Visit	20	122
Income level		
Under $10,000	14	91
$10,000–$20,000	21	111
$20,000–$30,000	22	128
$30,000 and over	28	143

Source: *National Travel Survey August 1981*, U.S. Travel Data Center, National Restaurant Association.

Other factors likely to boost foodservice sales are expected increases in air travel, hotel and motel visits, and the number of travelers from the upper income brackets.

To understand how these changes in travel patterns may affect the foodservice industry this summer, one can turn to NRA's August 1981 travel study. According to that study, air travelers, those traveling for business or pleasure and persons from the upper income brackets spend more money in restaurants than people traveling by car, visiting relatives or earning less than $30,000 a year.

Specifically, NRA's 1981 study found that:

- Persons traveling by air spent a total of $239 per trip in restaurants last August while those traveling by car spent $112.
- Pleasure travelers spent an average of $145 per trip in commercial eating establishments last August compared with $122 for those visiting friends or relatives.
- Persons earning $30,000 or more spent a total of $143 per trip during August 1981 compared to $128 for those earning between $20,000 and $30,000, $111 for those earning between $10,000 and $20,000 and $91 for those with incomes less than $10,000.

Editor's Note: *The data presented in this report is based on the National Travel Survey which is conducted monthly by the U.S. Travel Data Center. More than 1,000 adults are interviewed each month regarding their intentions to take vacation trips in the following six-month period.*

TECHNICAL SERVICES

New study on energy consumption in restaurants

A study just getting off the ground this summer may help you conserve energy in your restaurant. The U.S. Department of Energy (DOE), with the cooperation of NRA and participating foodservice companies, is embarking on a 13-month study to monitor energy consumption in seven east-coast restaurants.

This project, called PREP (Project on Restaurant Energy Performance), is designed to develop specific data on the amounts of energy used in restaurants and will cover all major energy systems, including lighting, heating, cooling, ventilation, cooking, sanitation and refrigeration. Usage will be recorded at each metered point every 15 minutes, 24 hours a day.

NRA contracted the Institutional Engineering Advisory Services of Pennsylvania State University to execute the research project.

The restaurants participating in PREP were all constructed after 1972, and each operation has custom-made instruments based on its equipment. Burger King, Friendly Family Restaurant, Steak and Ale, Roy Rogers, Morrisons, Pizza Hut and Barclays, a Host International unit, have all been equipped with the appropriate number of instrumented points to meter the usage of gas, oil or electricity. The number of points range from 19 to 32.

The major goals of PREP are to

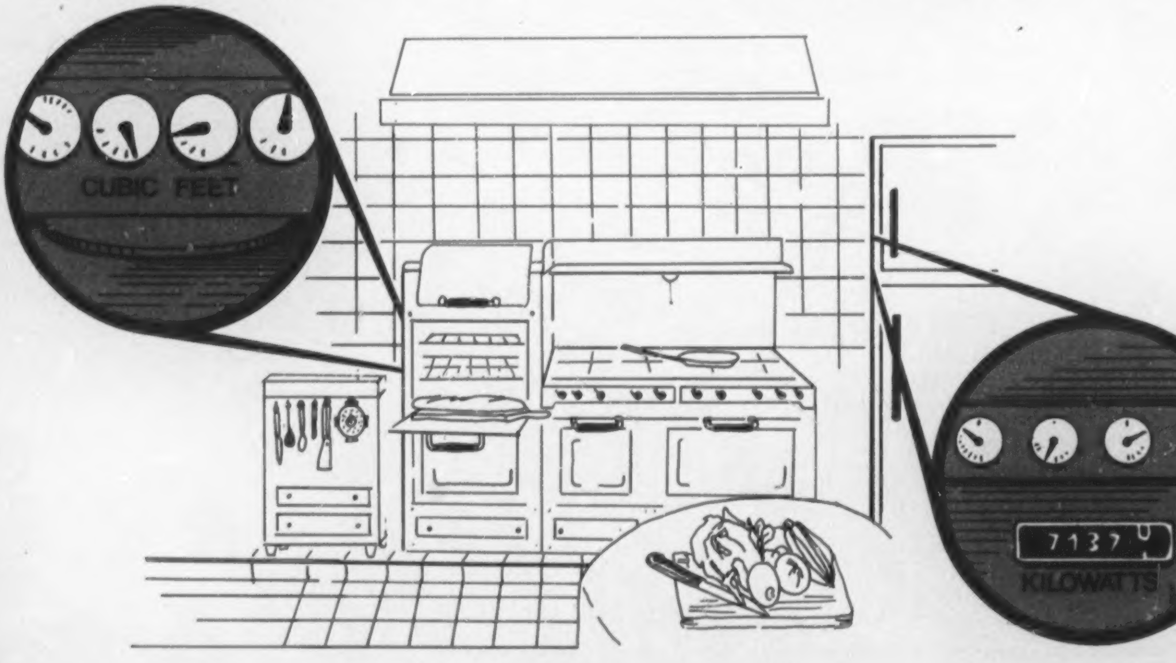
1. explore systems for increased energy efficiency
2. obtain data to validate energy analysis programs
3. develop comprehensive energy management plans and programs
4. determine the amount of process and comfort energy used in restaurants and
5. define the effects of climate, customer counts, hours of operation and fuel as well as equipment types on energy usage.

An NRA project advisory committee headed by Bryce Norwood of Friendly's Restaurant has assisted in the development of the project and continues to monitor all activities.

PREP results will be published by NRA and turned over for further analysis to Battelle Pacific Northwest Laboratories (PNL)—DOE's contracted project director. PNL plans to take the data and compare it with the information they have compiled on the structure of each participating restaurant and on the different types of equipment. Out of this comparison will come a substantive report on energy consumption in restaurants and on the relationship of energy usage and architectural design, equipment structure, and management conservation measures.

For further information about the PREP program, contact PREP Project Director NRA Director of Technical Services Andy Poledor at the NRA Chicago office, One IBM Plaza, Suite 2600, Chicago, IL 60601; (312) 787-2525.

NRA News will periodically publish results from PREP to keep you abreast of study findings.



NRA SEMINAR SCHEDULE

Practical Accounting for Foodservice Managers

July 19	Milwaukee, WI

Food & Beverage Operations Auditing

Sept. 22	Houston, TX
Sept. 23	Phoenix, AZ

Simplified Baking Workshop

Aug. 25	Columbus, OH
Aug. 26	Pittsburgh, PA

Bar Management

July 12–14	Dallas, TX
Aug. 23–25	Denver, CO

Controlling Beverage Costs

July 12	Louisville, KY
July 26	Boston, MA
Aug. 2	St. Louis, MO
Aug. 17	Portsmouth, NH
Aug. 23	Detroit, MI
Sept. 13	Omaha, NE
Sept. 21	San Antonio, TX
Sept. 23	Dallas, TX

Off Premise Catering

Aug. 30–31	Baltimore, MD
Sept. 15–16	Detroit, MI

Computers

Sept. 13	Denver, CO
Sept. 14	Los Angeles, CA

Restaurant Design & Facilities Planning

Aug. 18–19	Seattle, WA
Aug. 31–Sept. 1	West Palm Beach, FL

Dining Room Management

July 12	Des Moines, IA
July 14	Omaha, NE
July 19	Detroit, MI
July 27	Buffalo, NY
Aug. 11	San Francisco, CA
Aug. 12	San Diego, CA
Aug. 24	Washington, DC
Sept. 7	Chicago, IL
Sept. 13	Atlanta, GA
Sept. 22	Philadelphia, PA
Sept. 28	New York, NY

Hiring Hourly Employees

July 27	New Orleans, LA
Aug. 16	Rochester, NY
Sept. 7	Charlotte, NC
Sept. 10	Tampa, FL
Sept. 28	Cleveland, OH

Fish & Seafood

July 6	Savannah, GA

Controlling Food Cost

Aug. 2	Pittsburgh, PA
Aug. 16	Oklahoma City, OK
Aug. 17	Dallas, TX

Improving Food Production Methods

July 29	Cincinnati, OH
Aug. 10	Oakland, CA
Aug. 12	Seattle, WA
Aug. 17	Baltimore, MD
Aug. 19	Boston, MA
Sept. 16	New Orleans, LA

Kitchen Management

July 26	Austin, TX
July 28	Dallas, TX
Aug. 9	Los Angeles, CA
Aug. 11	Sacramento, CA
Aug. 16	Honolulu, HI
Sept. 1	Milwaukee, WI
Sept. 7	Kansas City, MO
Sept. 20	Seattle, WA
Sept. 22	San Francisco, CA
Sept. 28	Sarasota, FL

Controlling Labor Costs

Aug. 10	Atlanta, GA
Sept. 16	Montgomery, AL

Location! Location! Location! How to Successfully Negotiate and Finance Your New Operation(s)

July 21–22	Kansas City, MO

Practical Meat Workshop

Aug. 26	Houston, TX
Aug. 30	Chicago, IL

Menu Development

Sept. 14	Atlanta, GA

Operational Analysis

July 14–15	Minneapolis, MN
Aug. 9–10	Reno, NV

Performance Review

July 28	New Orleans, LA
Aug. 17	Rochester, NY
Sept. 29	Cleveland, OH

National Conference on Promotion

Sept. 13–15	New York, NY

How to Research and Analyze Your Customers, Sales & Competition

July 21	San Francisco, CA
July 22	Portland, OR

Practical Foodservice Sanitation

Sept. 30	Pensacola, FL

Soups & Sauces

Sept. 8	Indianapolis, IN
Sept. 9	Detroit, MI
Sept. 15	Los Angeles, CA

Super Salads

Sept. 21	Washington, DC

Basic Supervision

July 13	Phoenix, AZ
July 20	San Diego, CA

California Wine Workshop

Sept. 25–29	Napa Valley, CA

For more information, contact NRA's seminar department, 311 First St., NW, Washington, DC 20001; call (202) 638-6100 or (800) 424-5156.

Announcing the National Restaurant Association National Conference Schedule for 1982

National Conference on Promotion
September 13-15, 1982
Harley Hotel
New York City, New York
$395 members - $495 nonmembers

California Wine Workshop
September 25-29, 1982
Silverado Country Club
Napa, California
$930 members - $995 nonmembers

National Conference on Purchasing
October 10-12, 1982
Palmer House
Chicago, Illinois
$395 members - $495 non-members

National Conference on Alcoholic Beverage Service
November 7-10, 1982
Hyatt Regency Hotel
Dallas, Texas
$395 members - $495 nonmembers

WN 06/11 MEMBER#01L004WF
STATISTICAL REFERENCE IND
CONGRESSIONAL INFO SERVICE

4520 EAST-WEST HWY #800
WASHINGTON DC 20014

Grandparents Day is a perfect opportunity for you

"Honor thy father and thy mother." We do everyday—and particularly on Fathers Day and Mothers Day. But what about thy father's mother and father and thy mother's father and mother?

NRA is actively participating in a nationwide campaign to bring Grandparents Day to the attention of the American public. The NRA communications department is distributing feature stories and special columns to newspapers, TV and radio stations all over the country. We are reminding the public to take their grandparents out to eat on September 12.

Are you ready for this new holiday?

Through *NRA News*, *PRO-Motion* newsletter and special mailings, you have already learned about the table tents, posters and records available. (There is still time to order. See pg. 12.) But there is more you can do. Have you thought about advertising a special meal, a free drink, a happy hour for grandparents, a corsage for grandma or anything else which will let guests know that your restaurant is the place to go on September 12?

Mothers Day has been setting record sales for years. Many believe that eventually we will see greater sales on Grandparents Day. But to bring that to pass, all of us have to help promote this celebration.

In a highly competitive industry, promotion can make all the difference. And Grandparents Day is a perfect opportunity for you to create a great event for some grand people.

Michael Grisanti

Chairman, Communications Committee

NRA NEWS

Officers
Chairman of the Board
John G. Dankos
Vice Chairman
Joe R. Lee
Treasurer
Harris O. Machus
Executive Vice President
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
John F. Cauley
Robert T. Clift
James A. Collins
Walter Conti
Stanton D. Elliott
Thad A. Eure, Jr.
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
William Ray Lackey
Jack A. Laughery
Michael O'Neal
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Executive Editor
Steven J. Dahllof
Editor
Sylvia Rivchun
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Staff Contributors
Walter Ashcraft
Joan E. Campbell
Tom C. Corcoran
Cindy M. Estis
Clyde L. Griffith
Elizabeth E. Hendrix
Bette B. Hoyt
Art Miller
Susan F. Mills
Jay H. Morris
Robert A. Palmer
Tina Packard
Andrew P. Poledor
James T. Rogers
John R. Rolfs
Rachael A. Zachary
Editorial Typist
Kerrie Gonnella

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, D.C. 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600,
Chicago, IL 60611
(312) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $125 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices. Copyright ©NRA 1982, all rights reserved. Postmaster, send address change to NRA News, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Cover Story

	11	**Grandparents Day**—Next month, on the Sunday after Labor Day, grandparents across the country will be given special recognition. Many of them will share a lunch or dinner with their families who will gather together to celebrate Grandparents Day. Your restaurant has an opportunity to take part in this holiday and to make a profit—in the way it has on Mothers Day and Fathers Day. For a background look at how Grandparents Day came about and for some promotional pointers, turn to page 11.

Specials

Money	**14**	With this issue *NRA News* begins a series on money. For the first two installments turn to "Who's taking **credit**?" on page 14 and "Learning the basics about **electronic cash registers**" on page 16.
Food Trends	**32**	Food preferences are changing both here and abroad. For a global perspective turn to page 32, "**International food trends:** Fast food catching on in Europe, the Orient, Australia." For a look at domestic food trends and **how you can take advantage of the changing tastes of your customers,** read "The restaurant as theater" on page 36.

Departments

Half Baked	**2**	**A new light-hearted column** on industry trends and developments
Short Orders	**3**	Munchin' Monday and Warlocks' Wednesday are two promotional opportunities of NRA's **October Feast**
The Law	**4**	Cash shortages, breakages, walkouts can all chip away at your profits but **covering losses with deductions can pose legal problems**
Washington Report	**5**	**Controversy continues** on business meal deduction and tip reporting plus special feature on **where to turn for answers to questions about laws and regulations** that affect your business
The Board Room	**10**	NRA Executive Committee hopes to sponsor the **U.S. Olympics Culinary Team**
Education	**19**	Tips on **finding topnotch employees** for your restaurant
Foodservice Trends	**20**	How consumers make **the decision to eat out**
	21	**Lodging place estimates for 1973 to 1980** have been revised
	22	CREST reports on **popularity of entree items**
	23	Consumer **Analysis:** Comparing the spending habits of domestic travelers in March 1982 and August 1981
	26	How CREST data can help you
	27	**CREST Report** shows customer traffic declined by one percent during the Spring quarter
	31	Industry index
Technical Services	**35**	**Properly conditioned water** can enhance the foods and beverages prepared in your restaurant, increase the efficiency of your equipment and save energy
At Your Service	**38**	NRA's information service and library can answer **your questions about foodservice**
State Department	**39**	Illinois Restaurant Association hosts legislative breakfast with Republican leader of the House of Representatives **Bob Michel**
Showtime	**40**	The Main Course **Race** at the 63rd annual NRA Show **nets $12,000** for the American Cancer Society

HALF BAKED

Favorites from home spice up dorm fare

The dormitory chefs at the University of California at Davis got tired of receiving complaints about their food. So they went straight to experts in home-style cooking for help—the students' parents.

This year, the second time round for the program, 650 suggestions came in from moms and dads around the country. They included such popular items as enchilada pie, chicken cacciatore and Swiss onion quiche.

Ten people—including cooks, students and a staff nutritionist—whittled down the suggestions for the "favorites from home" lineup. According to the cafeteria staff, consumption is up 10 to 20 percent on nights when the dorm serves up recipes sent in from home. *Wall Street Journal*

SPECIAL
BULLDOZER
SANDWICH

From bother to boon

Clair Bartholomew, owner of the Pickle Barrel Restaurant in downtown Chattanooga, TN, thought she was losing customers because of some noisy construction work that was taking place in front of her restaurant. Complaining to the proper authorities did no good, so she decided to keep her sense of humor and be a little creative. Bartholmew renamed her menu items to fit the environment. Now customers can order such items as backhoe biscuits, jackhammer chili and bulldozer sandwiches.

Nation's Restaurant News

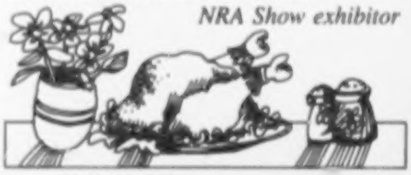
Gourmet dining hospital-style

Imagine a hospital meal that starts with rumaki, includes rack of lamb or Cornish hen and ends with Black Forest torte and dessert wine. A delirious fantasy you say? Not quite. It's one of the many possible menu combinations offered by the gift shop of St. Joseph's Hospital in Fort Wayne, IN, as an alternative to standard hospital fare.

Now when friends or relatives look for a present to bring to the sickbed of patients at St. Joseph's, they can add to usual flowers and books with a food treat. There is one menu that offers dinner selections; another just for desserts.

Those willing to splurge for meals for two or more people can really do the patient a favor. They can turn the sometimes draining hospital visit into a gourmet dining experience for the patient and one or more visitors.

NRA Show exhibitor



Pizza dream come true

Jill Baumgartner, assistant manager for Pizza Hut in Bluffton, IN, decided to make her dream of creating the world's largest pizza come true. "I'm training for manager, and they tell me that I can do anything I put my mind to," she said.

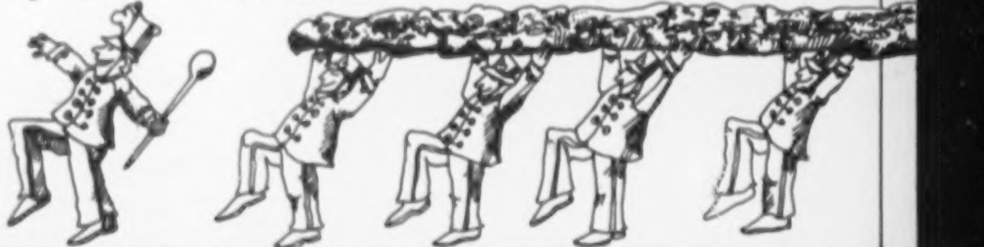
Baumgartner put her idea to good use by selling footage of the pizza before it was baked and donating the proceeds to several local high school athletic teams.

The pizza consisted of more than 255 pounds of pan pizza dough, 30 pounds of mozzarella cheese, 2,250 slices of pepperoni, five gallons of pizza sauce and handfuls of green peppers, olives, hamburger and Canadian bacon. The 160-foot long and 9-inch wide pizza was a new world record—beating the old Guinness world record by 72 feet.

Baumgartner's creation took four hours and 45 minutes to prepare and was baked outdoors in a specially designed oven that had to be bolted together. After the pizza was done, cheerleaders and student volunteers carried it through the streets to the sounds of marching bands.

"It was tough making those corners, but everything worked out. It just goes to show you that if you want something badly enough you can get it," Baumgartner said.

Nation's Restaurant News



TOP APPLE
TUESDAY

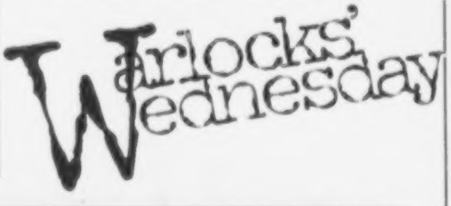
NRA creates October Feast

"NRA has set up special promotional materials every year for Hospitality Month, but never as comprehensive as this year's October Feast," explains Michael Grisanti, NRA director and chairman of the communications committee.

October Feast will focus on one day in every week during October—starting with Friday, October 1, and moving forward to Monday, October 25. All NRA members will receive an information package on October Feast in a special edition of *PRO-Motion*. The package will include art slicks illustrating each of the separate days, as well as dozens of suggestions on how to tailor the special promotions to your restaurant. NRA is also supplying art slicks of the October Feast logo to the National Advertising Bureau for distribution to local newspapers. The papers will be able to use the October Feast logo as a head for their Dining Out sections during the month of October.

October Feast was conceived as an industry-wide event for Restaurant Hospitality Month. The excitement created by October Feast should build patron interest and increase customer traffic. The Feast days during October were named for the widest use of the October Feast theme.

- October 1, Feast of the First
- October 7, Thirstday-Thursday
- October 13, Warlocks' Wednesday
- October 19, Top Apple Tuesday
- October 25, Munchin' Monday



SHORT ORDERS

You can have a say in shellfish policies

Next month you can have a voice in developing policies and guidelines for the sanitary control of the shellfish industry. A conference—the Interstate Shellfish Sanitation Conference—has been scheduled for September 20-22 in Annapolis, MD to bring together foodservice industry representatives, state regulators and Food and Drug Administration (FDA) staff.

For further information, contact Andy Poledor at NRA's Chicago office, (312) 787-2525.

A piece of Americana

Collectables 'from Chicago kitchens'

In progress at The Chicago Public Library Cultural Center is an exhibition that pays tribute to American pioneers, chefs who came from other countries, dining establishments and cookbook authors and food editors who helped establish Chicago's great food traditions.

The public display, called "From Chicago Kitchens," was drawn from the collection of NRA member Louis Szathmary—restaurateur, cookbook author, food columnist and broadcast personality.

Each of the exhibit's nine display cases focuses on a different phase of the city's culinary history, including photos of kitchens and hotel dining rooms, cookbooks and utensils from the turn of the century as well as regional and charity cookbooks.

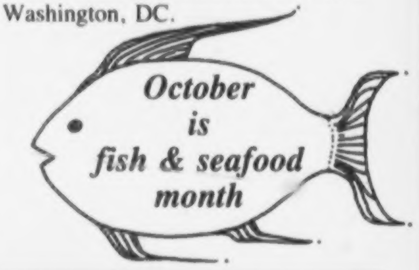
Employing the disabled in Wyoming

The disabled in Wyoming are getting a boost from the restaurant industry. Here is a look at some recent developments.

- The "talking cash register" is the latest innovation to help Wyoming restaurants employ severely impaired people. At the Emerson Building Cafeteria in Cheyenne, for example, the register enables Shawna Skidmore—a visually impaired person—to be the cashier.
- Three cafeterias in state buildings in Cheyenne have been sponsored by the Wyoming Vocation Rehabilitation Services to become training grounds for people with disabilities. Disabled persons learn various foodservice skills and then go on to qualify for competitive employment in the industry.
- Bob Banker, manager of Artis Truckstop Terminal, Inc., received the Wyoming governor's award in recognition of his efforts to expand relations between the foodservice industry and the vocational rehabilitation services. As president of the Southeastern Wyoming chapter of the Colorado/Wyoming Restaurant Association, Banker hired persons with disabilities and became their advocate, started mini-inservice training sessions in foodservice for state rehabilitation services personnel and had a hand in adjusting the foodservice management program at Laramie County Community College to accommodate the disabled.

Upcoming NRA meetings

- The **National Conference on Promotion** will take place September 13-15, 1982 at the Harley Hotel in New York City. The program is designed to cover all aspects of restaurant promotions, including promotion trends in the 80s, the value of promotions and ways to promote. For more information, contact Larry Fidel, NRA manager of seminars and conferences, in Washington, DC.
- **NRA's Market Research Group** will meet in San Francisco on September 22-24, 1982. The program will center around the theme of market research and its future applications to the restaurant industry. Included will be presentations from research suppliers on the topics of site selection, sampling techniques and the use of qualitative research. For additional information, contact NRA Research Manager Bette Hoyt in Washington, DC.
- The **California Wine Workshop** will explore wine marketing and sales potential to help restaurateurs keep up with growing American consumption of wine. This year's workshop, September 25-29, will include more than 10 tours of wineries in the Napa Valley. For more information, contact Larry Fidel, NRA manager of seminars and conferences, in Washington, DC.
- **NRA's Marketing Executives Group** will meet at the Ambassador East Hotel in Chicago on October 3-6, 1982. The program will focus on increasing customer counts in today's market. Presentations from several qualified experts will center on this theme. For additional information, contact Susan Mills, NRA director of research and information services, in Washington, DC.


October is fish & seafood month

THE LAW

Covering losses with deductions can pose problems

*F*or foodservice operators, some of the smallest losses can mount up the fastest, with profits disappearing through cash shortages, breakage, walkouts and the like. Many employers try to curb these losses by deducting the amount of the shortage or the walked check or the cost of the broken item from an employee's paycheck. Yet, under federal wage and hour law, these deductions can only be made under limited conditions. The employer who habitually uses such deductions runs the risk of making mistakes which can invite a compliance audit.

The most important fact to remember is that virtually *no deduction* (other than a meal and lodging credit) is allowed from the check of a minimum wage employee.

In the case of a tipped employee—even though he or she may earn substantial amounts of tip income—you may not apply any of that tip income to make up your loss, since tip income must remain the property of the employee. Exception: You may deduct cash shortages from a minimum wage employee's pay if that employee has been judged by a court to have stolen or misappropriated your money. But neither mere negligence on the part of the employee, nor your suspicion of theft, is enough to justify deducting cash shortages from the pay of a minimum wage employee.

When you pay an employee a cash wage in excess of the minimum, you *may* deduct for your loss, but the deductions may not reduce the employee's wage below the minimum. For example, if you pay a waiter $3.50 per hour, you may deduct only up to 15 cents per hour, since any higher deduction would reduce the waiter's pay below $3.35 per hour. Even if your employee agrees to a deduction that reduces his/her wage below the minimum, such an agreement is void, since employees cannot legally waive their rights to be paid the full minimum wage.

Deductions, even when allowed, are not popular with employees. Problems of proof and affixing blame will cause difficulties for an employer and leave some employees feeling unfairly treated, possibly leading them to instigate a wage-and-hour investigation.

What can you do? The answer lies in effective personnel management. There is nothing in the law to prevent you from discharging an employee for carelessness in the handling of your money or property. Obviously, you won't want to use this remedy thoughtlessly. You will want to establish a reasonable policy that recognizes the inevitability of a certain amount of human error, and you'll want to discuss this policy with your employees so they know what is expected. You may wish to take aside employees who have chronic or abnormal problems with shortages or breakage to let them know you expect improved performance in these areas.

Finally, remember that any disciplinary practices (up to and including discharge) should be uniformly applied to *all* employees. If you discipline an individual for infractions you have ignored or excused in the past, either when committed by that individual or others, you risk a charge of discriminatory treatment. The best way to avoid this is by establishing and adhering to a policy involving progressively more severe discipline for repeated offenses. Be sure to keep records of all discussions with employees about their job performance to prove all employees are subject to the same procedures.

WASHINGTON REPORT

Controversy continues on business meal deduction and tip reporting

As **NRA NEWS** went to press, Congress had not yet changed its position with regard to halving the deduction for business meal expenses—despite NRA's around-the-clock activity to reach a compromise.

"Congress is determined to include the restaurant industry among those contributing greater sums to the U.S. Treasury," explains NRA President John Dankos.

The business meal provision is part of bill H.R. 4961, known as the Tax Equity and Fiscal Responsibility Act of 1982. The bill, designed to raise enough revenue to keep the fiscal 1983 deficit below $104 billion, includes dozens of other controversial provisions such as mandatory withholding on interest and dividend income and doubling of federal cigarette taxes.

How the meal provision was added. . .

The business meal provision was included in the Senate-passed version of H.R. 4961 near the end of around-the-clock floor activity on the bill. At about 4 a.m. on July 23, Senate Finance Committee Chairman Robert Dole (R-KS) introduced an amendment to reduce by 50 percent the deduction for local business meals. No hearings had been held on the provision, and it had never been considered by the Senate Finance Committee.

"The amendment appeared in the middle of the night just before the Senate passed the bill. No consideration was given to the severe economic hardship the bill would impose on the foodservice industry," Dankos said. "The provision would result in the loss of nearly $3 billion in sales and over 100,000 jobs."

NRA President John Dankos tells the media how reducing the business meal deduction would hurt the foodservice industry.

Earlier that same morning, the Senate had voted by a 70 to 25 margin to eliminate a burdensome tip reporting provision strongly opposed by NRA. NRA had fought this tip provision for months.

"Our members did a terrific job in telling their senators about the burden this proposal would have had on restaurateurs. Their calls and letters are what defeated the first tip reporting provision." An amendment to delete this tip reporting provision was introduced by Sens. David Pryor (D-AK) and Bob Kasten (R-WI) and accepted by the Senate at about 2 a.m. the morning of July 23.

"But it looks as though Congress is out to get more money from the restaurant industry in one way or another," Dankos said of the Senate's surprise move to halve the business meal deduction.

One proposal follows another. . .

On August 6, NRA Executive Vice President Robert Neville and several other officials from the hospitality industry met with Sen. Dole and representatives from the U.S. Treasury Department and the Internal Revenue Service (IRS). The government officials agreed to consider the elimination of the business meal provision if a substantially modified version of the original tip reporting measure were included in the bill.

The compromise was accepted by NRA in principle and is being considered by government officials. The modified tip reporting proposal would require restaurants with 10 or more employees to report gross food and beverage sales to the IRS as well as aggregate tip income reported by employees.

After its enactment, the modified tip reporting proposal would require establishments with aggregate tip income of less than eight percent of gross food and beverage sales to include a list of all tipped employees with taxpayer identification numbers as well as wage and tip income. Other details are still subject to negotiation.

NRA is willing to accept the modified version to prevent a reduction of business meal deductibility. "We could live with a modified tip reporting but reduction of the business lunch deductibility can mean the demise of many restaurants and high job loss," said John Dankos.

Efforts continue to find a compromise acceptable to both the foodservice industry and to the government.

H.R. 6103 approved by House Labor Committee

The House Education and Labor Committee approved bill H.R. 6103 that would require employers who violate the Fair Labor Standards Act (FLSA) to pay a fine three times the amount owed an employee in back wages or overtime. Although an amendment was offered by ranking republican John Erlenborn (R-IL) to allow employers to continue "good faith" attempts to comply with complicated provisions of the FLSA without incurring triple penalties, H.R. 6103 was reported out virtually unchanged. Because it could be taken up on the House floor before the summer is out, NRA is urging members to contact their congressmen and ask that they oppose this legislation.

H.R. 6103 would greatly increase penalties for all wage and hour violations after the first violation. Specifically, it would

- assess a penalty of three times the unpaid minimum wage or unpaid overtime compensation (First-time violations would be subject only to a penalty of back wages plus interest)
- require that the employer pay back pay plus interest to the employee and the remainder of the triple damages to the Treasury Department
- require that when an employer can't locate an employee or if the employee refuses payment, amounts due must be paid into the Treasury (instead of resorting back to the employer)
- assess a civil penalty of up to $10,000 on employers for willful record-keeping violations (criminal sanctions could also be imposed)
- remove an employee's right to sue for back pay (only the Labor Department would have this ability), while simultaneously retaining an employee's right to sue for liquidated damages.

John Dankos,
NRA President

Why NRA opposes the bill . . .

In a letter to committee members charged that the bill was drafted and redrafted hurriedly without sufficient hearings and without employer input. NRA also pointed out that the bill does not make a distinction between employers who unwittingly violate the FLSA and those who deliberately flout the law.

"In the foodservice industry, the majority of minimum wage law violations are a result of miscalculation of highly technical FLSA exemptions, but under H.R. 6103 unintentional violators are treated the same as 'sweatshop' operators," explains NRA President John Dankos (Dankos Enterprises, Inc., Richmond, VA). "The bill unfairly penalizes good-faith offenders who would be subject to triple damages if, for example, they innocently but improperly valued a meal or tip credit."

Assessing triple damages also would have the effect of rendering enforcement of the FLSA punitive rather than compensatory. NRA feels there is no need to impose such a severe penalty on employers, particularly since most are acting in good faith.

NRA also believes that until the Department of Labor (DOL) resolves many of the grey areas in the law that lead well-intentioned employers into unwitting violations, H.R. 6103 should not be considered.

> **"In the foodservice industry the majority of minimum wage law violations are a result of miscalculation of highly technical FLSA exemptions."**

The bill also would jeopardize the present-day voluntary settlement process. An estimated 80 percent of all back-wage cases now are settled voluntarily. Under H.R. 6103, an employer would be liable for triple damages whether he settles or goes to court.

Where the bill stands . . .

Although the bill has been reported by the Education Labor Committee, House Republican Leader Bob Michel (R-IL) recently told a group of restaurateurs that he believes chances of the bill's passage this year are slim. If the bill should happen to pass the House, he said, it is likely to be defeated in the Senate. At this date, no companion legislation has been introduced in the Senate.

Senate Finance Committee approves TJTC extension

While considering a $21 billion tax package for FY 1983, the Senate Finance Committee approved a measure to extend the Targeted Jobs Tax Credit

(TJTC) for three years. Impetus for the action came from a bill introduced earlier this year by Sens. John Heinz (R-PA) and Pete Domenici (R-NM) to extend the credit through 1987. Since more than half of the Senate had signed on as cosponsors to the Heinz-Domenici bill, the committee obviously was receptive to attaching a TJTC extension to the tax package.

Heavily used by foodservice employers, the credit has helped provide an estimated one million jobs to hard-to-employ persons since its inception in 1979. NRA and other retail trade groups have been actively seeking its extension this year.

The TJTC program allows an employer to receive a tax credit equal to 50 percent of an employee's first-year wages up to $6,000 and 25 percent of second-year wages up to the same amount. Employers may receive the credit only if they hire employees from nine targeted groups, such as the handicapped, disadvantaged youth or Vietnam veterans. The credit will expire after Dec. 31, 1982—if no action is taken by Congress.

Extension differs from bill. . .

The TJTC extension adopted by the Finance Committee differs somewhat from the original Heinz-Domenici bill. It would extend the credit for three years—through 1985—instead of five, although— like the Heinz bill—it would make cooperative education students eligible for certification regardless of whether they are economically disadvantaged, the credit for co-op students would be limited to 30 percent of the first $3,000 of wages paid in the first year of employment and 15 percent of the first $3,000 of wages paid in the second year of employment.

New target group included. . .

The Finance-passed measure also would include a new targeted group: economically disadvantaged youths seeking summer jobs. Employers would receive a credit for hiring economically disadvantaged 16 or 17 year olds for any 90-day period between May 1 and Sept 15. Employees could qualify only one time for this credit with respect to a particular employer, and the credit would be 85 percent of wages paid (up to $3,000).

Consideration of an extension is not nearly as far along in the House, although several bills have been introduced. U.S. Rep. Harold Ford (D-TN), chairman of the Ways and Means Public Assistance and Unemployment Subcommittee, has introduced a bill almost identical to the Heinz-Domenici measure. Ford was joined by 14 of his colleagues on the tax-writing panel. His bill, H.R. 6700, would also add unemployed persons who have exhausted all of their unemployemnt benefits as a targeted group.

NRA-PAC: Phase II

NRA has begun the second phase of its efforts to increase the membership of the NRA Political Action Committee (PAC). Recently, a second authorization letter was mailed to NRA members, asking them to give NRA-PAC permission to communicate with them further on political matters, as required by the Federal Election Commission.

NRA-PAC's first authorization letter was sent to members in April, and the response was tremendous, according to NRA-PAC Chairman Ralph Evans (Evans Farm Inn, McLean, VA). "We've seen a 300-percent increase over last year in the number of respondents who said they were interested in our PAC activities," he said. "The increase is a positive sign that our members understand the effect Congress can have on their business and the need to help those candidates who share NRA's free enterprise philosophy."

> **"It's exciting to think that NRA can help pro-business candidates foot the bill for such rapidly rising campaign expenses."**

Election year brings more requests . . .

Evans said that with the 1982 election nearing, the NRA-PAC staff receives calls almost daily from congressional campaign offices seeking financial assistance with campaigns. "It's exciting to think that NRA can help pro-business candidates foot the bill for such rapidly rising campaign expenses," Evans added.

Money contributed to NRA-PAC is used to make political contributions to candidates for the U.S. Senate and U.S. House of Representatives. This year all 435 congressional seats and 33 senate seats are up for election. The PAC is governed by a seven-member board of trustees that meets regularly to review and evaluate candidates and to assess their voting records.

Individuals making political contributions to NRA-PAC are eligible for a personal income tax credit.

For more information on the NRA-PAC, contact David Joyner, NRA-PAC manager, at NRA headquarters in Washington, DC, (800) 424-5156.

Ralph Evans
NRA-PAC chairman

Information please!

INFORMA
INFORMATION
INFORMATION

Where do you turn if you have questions about child labor laws, FICA and FUTA taxes, uniform deductions, tip credits, copyright laws, IRS compliance rules or meal credits?

Chances are if your attorney or accountant can't help you, NRA's legal or government relations staff can. NRA attorneys monitor all changes in laws and regulations that affect foodservice. Their knowledge of laws, rulings or opinions can be extremely helpful to you as a member.

NRA legislative representatives can also provide you basic information on bills before Congress, the legislative history of important issues affecting the industry, or information about your congressman and senators — how they vote and where they stand on restaurant issues.

You can reach these NRA staff members toll-free at (800) 424-5156 or by writing NRA at 311 First Street, N.W., Washington, DC 20001.

Go to the source. . .

Many times, however, you may want to go right to the source of your frustrations — Uncle Sam. The federal government has many programs that let you do just that. Often you can talk to a government expert in a subject area of your interest by calling a toll-free number or by writing a particular department. And there are literally thousands of government publications available, many of them free of charge. But, as with everything that involves the federal government, the biggest headache can be deciding which office to contact to get the information you need. The following guide to federal information programs should help you negotiate the federal maze of more than 125 federal agencies and departments.

Office of Business Liaison, U.S. Department of Commerce

The Department of Commerce has created an Office of Business Liaison (OBL), charged with helping businessmen cope with the labyrinth of regulations and paperwork that confront the average business operator.

According to OBL Director Mary Jo Jacoby, OBL's responsibilities can be divided into two main functions

- Acting as an advocate to the business community, monitoring business issues and conveying the business point of view to other government agencies during the agency decision-making process, and
- Aiding businesses through its "Roadmap" program. The Roadmap staff talks directly to businessmen who have questions about or problems with the federal bureaucracy.

OBL is also part of the interagency-review process that new legislation undergoes prior to congressional markup. Generally a bill is reviewed by the federal agency that would be charged with its implementation, as well as the General Accounting Office (GAO) and the Office of Management and Budget (OMB).

"Many times we are also asked to provide business views on a particular bill," Jacoby said. "We usually know what business is thinking through informal contact with business groups and corporate leaders. Also, last fall we wrote 250 trade associations and asked them to send us a list of issues that they considered most critical to their industry."

The Roadmap program — designed to guide businessmen through the maze of federal regulations and bureaucracy — began last summer, and the program's four professionals have already answered some 7,000 inquiries. Questions range from business benefits from the president's tax reduction plan to how to obtain an export license.

"This response to our Roadmap program indicates the level of interest in government activity and, in many cases, the level of confusion about government programs," Jacoby said.

"Business executives are asking us questions stirred by items in newspapers, on broadcasts and in trade publications. They want clarification or confirmation about federal programs, regulatory changes, legislative proposals or other government actions that affect their firms."

Jacoby said most of the questions her office gets from businessmen are about taxes, starting a new business, franchising and exporting. "If we don't know the answer, we get the appropriate agency to answer the inquiry. Then we follow up to make sure the question was answered to the caller's satisfaction," Jacoby explained.

The Roadmap telephone number is (202) 377-3176. Written queries can be sent to: U.S. Department of Commerce, Office of Business Liaison, Room 5898-C, Washington, DC 20230.

Office of Advocacy, Small Business Administration

The Small Business Administration's Office of Advocacy is the small businessman's champion in Washington. As small business' ombudsman in the federal city, it represents the small business interests before rule-making agencies. It may also support better treatment of an individual business when the facts warrant it, or it may fight for small firms in a particular part of the country, or it may represent a particular industry.

Like the Office of Business Liaison, it is also a clearinghouse for complaints about paperwork and regulations. In fact, SBA is charged with administering the recently-enacted Regulatory Flexibility Act, a law that requires federal departments and agencies to consider the impact of new regulations on small businesses. The Office of Advocacy also conducts research on general and specific issues that affect small businessmen. Last year, for example, NRA helped Advocacy poll NRA members on commercial credit needs.

For more information, contact:
Small Business Office of Advocacy,
U.S. Small Business Administration,
1441 L Street, N.W. Room 1010,
Washington, DC 20416 (202) 653-6579.

Federal Information Centers

If you have general questions about a federal program or you don't know which agency you should contact about a problem, you may want to try a Federal Information Center. These offices have been established in many states to answer questions about the federal government directly. Or, they will refer your calls to the correct department or agency that can handle the request.

For example, they can explain where to get a passport, how to buy surplus government property, what office handles Medicare or food stamps or how to get a patent or trademark.

For a list of these centers, contact the General Services Administration, Office of Federal Information Centers, Washington, DC 20405.

Many departments and agencies of the federal government also maintain offices throughout the country. They are specifically intended to serve the people living in the state or region where they are located and in many cases may be authorized to distribute federal funds. To learn if there are any federal agency offices in your area, look in the white pages of your telephone directory under U.S. Government or contact the Federal Information Center nearest you.

Government publications

Believe it or not, the largest publisher in the country is Uncle Sam — spending close to $1.5 billion annually on thousands of books and pamphlets on a myriad of subjects. Most of these publications are issues by the Government Printing Office, (GPO) which distributes material on farming, homemaking, education, transportation, small business, housing, crime, wildlife and numerous other topics through 21 regional GPO book stores scattered across the country.

So that the public may know what documents are available, GPO publishes an index, the *Monthly Catalog of United States Government Publications*. Publications are arranged by issuing agency, and then indexed in turn by subject, author, title and series/report number. Cumulative indexes come out twice a year. For copies of the catalog, write: Superintendent of Documents, U.S Government Printing Office, Washington, DC 20402.

Another federal agency, the General Services Administration, also distributes government pamphlets selected specifically for their usefulness to consumers. These cover such self-help topics as how to fix your car, how to save money on food, health care and household expenses, etc. A quarterly *Consumer Information Catalog* describes items available. To obtain a free copy, write: Consumer Information Center, Pueblo, CO 81009.

Your local library may have many of the publications listed in these catalogs. There are over 1,300 public and research libraries in the U.S. that have been designated "federal depositories" and automatically receive numerous government publications.

Other sources of information about the federal government

If you want to know how the federal government is organized, what federal programs are available to help you with a community project, what federal funds have been distributed to your region, state, country or city, which congressional committee or executive agency oversees an area of interest to you, there are additional guides that are available. Some of them are published by the government, others by private research firms. These include: Catalog of Federal Domestic Assistance, Geographic Distribution of Federal Funds, United States Government Manual and the Washington Information Directory. For details on these, contact the NRA Government Relations Department.

Special services. . .

There are a number of special services the federal government provides to citizens, in many cases free of charge. One example of interest to restaurateurs is the U.S. Department of Agriculture's Food Marketing Service, which can give you the inside scoop on food prices. USDA has marketing experts on virtually every food product, and USDA market news branches publish weekly wholesale and producer-level prices. Call or write to get on their mailing lists.

Dairy Market News Branch
Agricultural Marketing Service
Room 2764, South Building
Washington, DC 20250
(202) 447-7461

Fruit and Vegetable Market News Branch
USDA
Room 2503, South Building
(202) 447-2745

Livestock Market News Branch
USDA
Room 2623, South Building
(202) 447-6231

Poultry Market News Branch
USDA
Room 3958, South Building
(202) 447-6911

For more information about other services, contact your Federal Information Center.

THE BOARD ROOM

NRA hopes to sponsor U.S. Culinary Olympic Team

During its recent meeting in Knoxville, Tennessee, the NRA Executive Committee agreed in principle to sponsor the U.S. Olympics Culinary Team.

In announcing this decision, NRA President John G. Dankos said, "At a time when American cuisine is being celebrated in this country and abroad, the American team may have to drop out of the Culinary Olympics for lack of funding. NRA can't let that happen."

The Culinary Olympics are held in Frankfurt, Germany, every four years. In 1980, the American team won the Gold Medal in the important Hot-foods Competition and was rated the second best team overall.

"Our team won with sea bass and turkey entrees which established a connection among nutrition, low cost and quality. They are simple American dishes, not European recipes with American names. The 1980 team taught us and the world an important lesson," Dankos said.

"We must have a team in Frankfurt in 1984," he added.

A team of about 18 chefs will be selected during three tryouts held in various parts of the country. The team will then train for the competition.

For the last 12 years Kraft Foodservice division has footed the bill for the team. Kraft now indicates that it can no longer go it alone.

"No individual company should have to pay the entire bill," Dankos said. "If the NRA Board votes to sponsor the U.S. team, we will seek backing from many firms. Several companies—including Kraft—have already indicated their willingness to pay part of the cost."

The details of NRA's sponsorship are still to be worked out, Dankos said. But a proposal will be presented to the NRA Board at its next meeting.

Goodwin to serve on Chamber's Labor Relations Committee

Director Jerry Goodwin, (Reese Coffee Houses, Denver, CO), has been asked to serve on the Labor Relations Committee of the U.S. Chamber of Commerce. Goodwin will represent the industry's interest as this committee debates labor issues.

"My objective is to head off problems that will create difficulties for foodservice operators," said Goodwin. "When I received the letter asking me to serve on this committee, I saw that the issues included the Fair Labor Standards Act and OSHA. I knew that we had to be represented."

Goodwin is also NRA's representative on the Chamber of Commerce's Small Business Committee. He has been an articulate spokesman for the small businessman and woman who operate 94 percent of the foodservice outlets in this country.

"When I joined the Small Business Committee, the others seemed to think that no one in our industry received the minimum wage. Someone has to be there to voice this industry's concern and to educate the others about our operations," said Goodwin.

Goodwin operates seven coffee houses in the Denver area.

Committee chairmen for 1982

At a recent Board meeting, newly-elected NRA President John Dankos announced his committee chairmen. "The NRA Board Committees establish the association's goals and policies. NRA could not function effectively without the cooperation of all of its committee members," said Dankos.

The six new committee chairmen for 1982 include:

- **John Cauley,** (Friendly Ice Cream Co.) Government Relations
- **Robert Clift,** (Banner Food Enterprises) By-Laws
- **James Collins,** (Collins Foods International, Inc.) Political Education
- **G. "Jim" Hasslocher,** (Frontier Enterprises) Nominating
- **Harris Machus,** (Harris O. Machus Enterprises) Finance
- **Michael O'Neal,** (The Ginger Man Group) State Communications & Legislation

The 10 reappointed committee chairmen for 1982 include:

- **Ted Balestreri,** (Sardine Factory, Inc.) Convention
- **Stanton Elliott,** (Fresh Freeze Enterprises) Energy and Technical Services
- **Thad Eure,** (Creative Dining Food Systems, Inc.) Audit
- **Ralph Evans,** (Evans Farm Inn) Political Action
- **Robert Flickinger,** (Service Systems Corp.) Investment
- **Michael Grisanti,** (Casa Grisanti, Inc.) Communications
- **Larry Hilaire,** (Hilaire's Restaurants) Pension
- **Michael Hurst,** (15th Street Fisheries) Membership
- **Ernest Royal,** (Royals Hearthside) Human Resources
- **Harris Rusitzky,** (Serv-Rite Corp.) Education and Research.

Grandparents Day:

Create a great event out of a grand day

What began as a passing thought has become a permanent national holiday. For the behind-the-scene story of how Grandparents Day came to be, *NRA News* talked to Mike Goldgar, the driving force behind the National Council for the Observance of Grandparents Day.

Interview with Grandparents Day founder

Ten years ago one of America's most sentimental holidays was just a glimmer of an idea. Mike Goldgar, the man credited for putting Grandparents Day on the calendar, was visiting an aunt in a nursing home. He was so struck with the loneliness of the people there that on the way home he began to think about what he could do to help—and the seed for Grandparents Day was sown. In 1979 Congress declared the day a permanent national holiday, and since then—on the first Sunday following Labor Day—grandparents everywhere get a little extra attention.

Often that attention gets expressed in the form of a meal out, and that is why the National Restaurant Association is working with Goldgar's National Council for the Observance of Grandparents Day to build awareness for the holiday, which this year falls on September 12.

NRA is placing feature stories in newspapers across the country to build consumer recognition and is preparing table tents so foodservice operators can do some advertising of their own. If you would like to plan a promotion, be on the lookout for the order form and a sample of these table tents.

The National Council for the Observance of Grandparents Day has also prepared promotional materials. It has developed counter cards, posters and badges, which are described in a brochure that is available toll-free by calling (800) 621-4118.

In addition, it has cut a record (a single) of its official theme song called, "Every Baby's Best Friend." This song, composed by Bob Colby and performed by Mickey Rooney and 24 children from Talent Town, New Jersey, is available in quantities of 100 from the National Council for the Observance of Grandparents Day, Record Division, P.O. Box 490022, Atlanta, GA 30349. One hundred copies of the record cost $85. On the flipside of the single is another tune called "Companionship."

> **"I think a holiday has to become an institution; it has to be official for people to pay attention to it."**

NRA News: How did Grandparents Day get started?

Goldgar: The holiday started in 1972. I went to visit an aunt in a nursing home, and I was struck with the loneliness of the people there. On the way home I began to think what could I do to help the situation. I thought there must be one common denominator that ties all these people together. I decided that they were all probably grandparents. But because so many families are disintegrating and grandparents don't have the role in society that they once had, they aren't being remembered.

Years ago I think grandparents were part of the family and lived at home. Now they don't as often. They live far away but they continue to be important in the lives of grandchildren. I don't think this fact has been recognized like it should be. And so, I thought, why can't we have a Grandparents Day. We have a Mothers Day and a Fathers Day. From then on I began to think about Grandparents Day as a national holiday and to drum up support to get it declared a holiday by Congress.

NRA News: Why did you want it declared a holiday by Congress?

Goldgar: Because I think a holiday has to become an institution to have real significance in the lives of people. It has to be official for people to pay attention to it.

NRA News: How did the germ of the idea for Grandparents Day develop and grow?

Goldgar: There was a period of three years when I just thought about it spasmodically. I had worked on Mothers Day at one time in an advertising agency in New York, and maybe it all just gelled. At first I just kept plugging along. I wrote a form letter and sent it to my four children and friends in different parts of the country, asking them to write their congressmen. Congressmen, you see, won't really pay attention to their mail unless it's from their own district or state.

NRA News: Did the letters drum up the support you needed?

Goldgar: They were just the beginning. Drumming up support for Grandparents Day wasn't as easy as I thought. As you know, to get a bill through Congress you have to have it endorsed in advance by the majority. You can't just bring it up on the floor. So I had to go from state to state to build support. I started with my state, Georgia. My congressman helped me persuade the Georgia delegation that Grandparents Day needed to be an official holiday. Then I moved into South Carolina and started all over again.

I was determined all along that what we needed was to make the holiday official, but during the first three years I had other things on my mind so I worked part-time. Then my first grandchild, Jennifer, was born in 1976. This meant a lot to me and inspired me to really push hard with the congressmen. I made Grandparents Day my full-time occupation. I made 17 trips to Washington at my own expense because I believe in this holiday so much.

NRA News: Did the Washington trips help?

Goldgar: Yes, but I had a lot of disappointments. Some of the congressmen would say, "Look, I'm for it and when it gets on the floor of the House, I'm going to vote for it. You can count on that." But that means nothing. If it's on the floor of the House, you've already won. You have the majority. It's a meaningless gesture that frustrated me."

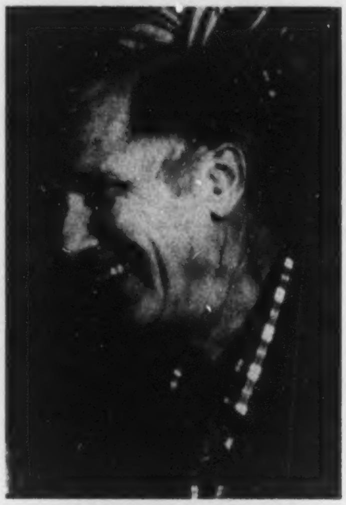
NRA News: When did the bill pass?

Goldgar: It passed in 1978, two years after I began working on it full-time. But we had to go through the effort all over again the next year. Two days before the bill was brought up in Congress, my congressman called to tell me about the congressional rule that a holiday can only be declared one year at a time. I was rather stunned because I didn't want to go through it again. But we had to. The next year—in 1979—the rule was amended and Grandparents Day became a permanent holiday.

NRA News: Did your efforts stop once the bill was passed?

Goldgar: No. When I realized the bill would pass, I started a nonprofit entity called the National Council for the Observance of Grandparents Day. My feeling is that a holiday's no good if it's just in a desk drawer somewhere and nobody knows about it. So the purpose of the council is to create awareness. To do this we are seeking commercial support because in this country, with all the distractions there are, you simply can't get anywhere without a good bit of commercial support. But our support is selected commercial support.

To get funding we went to the industries that seem to relate to it, such as the greeting card industry, florists, and the National Restaurant Association. And, of course, one of the people who started with us who's been very helpful from the word go was NRA President John Dankos. He's the head of our restaurant advisory committee. This committee was set up so we would learn how to get restaurants involved and how to help them take advantage of this promotional opportunity, at the same time creating awareness for us.



"My feeling is that a holiday's no good if it's just in a desk drawer somewhere and nobody knows about it."

NRA News: Why should restaurant operators get involved in Grandparents Day?

Goldgar: There are two answers to that question. Of course, there is the commercial reason—they stand to increase their business, their profits. But more important, by promoting Grandparents Day, they pay recognition to an often forgotten segment of society, and they can help bring generations together. One of the most worthwhile things that grandchildren can do is to take their grandparents out to dinner because it brings them together. It's a fun time, an enjoyable time, a meaningful time they share.

You see being a grandparent is a reward in life. It's continuity, a piece of immortality. It means a lot to me to be with my grandchildren, and I know it means a lot to others.

Promotion ideas for Grandparents Day

Grandparents Day can be a record-setting sales day, on par with Mothers Day and Fathers Day. Last year, Chuck Baker, senior vice president of food and beverage for Brock Hotels—a midwest Holiday Inn franchisee of 54 hotels, told *Lodging and Foodservice News* that "business in our hotel dining rooms on Grandparents Day was up system-wide about 37 percent." Other restaurateurs also noted that their Grandparents Day special brought in new faces.

If you haven't planned a tie-in promotion for Grandparents Day, you may want to begin this year. Here are some ideas you can build upon.

- **Order NRA's full-color table tents** announcing Grandparents Day. There is space on one side of the tent for you to announce any special menu or promotion you may be sponsoring.
- **Develop a special menu** that features a set price brunch or dinner with a reduced rate for grandparents or grandchildren. You can offer a 25 percent discount if grandparents show you pictures of their grandchildren, or you can reduce the total check by one percent for each grandchild accompanying grandparents to your restaurant.
- **Give take-home family photographs** in a special folder imprinted with the name of your restaurant or your logo. You can hire a photographer to shoot polaroid pictures of family groups dining in your restaurant or photographs of grandparents.
- Encourage return visits by presenting each grandparent with a **money-off coupon to use on their next visit** to your restaurant.

Once you decide on your promotion, advertise. Try to develop an ad that will capture the reader's attention. Some successful ads from 1981 had slogans such as: "A special day that deserves celebrating at a special place." "Grandparents Day is grand, grand, grand." "Bring the whole flock for Grandparents Day." "A great restaurant. A Grand occasion. And a very special offer."

Profile

Who's taking CREDIT?

Over $12 million in meals were charged on credit cards in 1981, according to NRA estimates. Restaurants that use credit cards agree that credit cards account for a substantial portion of their sales—between 30 and 65 percent—and that credit receipts per meal are generally higher than with cash transactions.

Even with these obvious advantages, it is no secret that many restaurants prefer not to accept credit cards, particularly those just starting out in business. Yet very few succeed in keeping credit cards at bay.

It's become a love-hate relationship between the restaurateur and the credit cards. On the one hand, without credit cards, restaurants could improve their profits by one to two percent. On the other hand, with credit cards, customer traffic is up.

Credit cards boost check size

Credit card companies—both the bank card companies and those with travel and entertainment cards (T & E)—are quick to remind non-believers that

- customers depend on credit cards in today's economy
- credit cards boost the average check size
- the service staff receive higher tips when credit cards are used and
- there are other potential tie-in advantages for restaurateurs who use credit cards.

NRA Director Ella Brennan, owner of Commander's Palace in New Orleans, LA, explains: "Customers are so dependent on credit cards today, but the costs to restaurateurs are horrible. The charge for accepting credit cards really is one of the major expenses of doing business." About 64 percent of the Commander's receipts are on credit cards.

This is the first installment of an *NRA News* series on money.

Despite their popularity or necessity in today's credit economy, there still are a number of restaurants where credit cards aren't accepted. Among them is the Pizza Hut chain. They once considered the idea but found such a low customer interest in using cards that they decided against credit. It's partially the size of the establishment which keeps New York's elegant Box Tree away from using cards to attract customers. "With room for only eight tables, it's highly unlikely that we'd *ever* take credit cards," the Box Tree explained. NRA Director Donald Clinton of Clinton's Restaurant in Los Angeles, agrees that the small check size at his restaurant would make bookkeeping unprofitable for credit cards.

Larger tips with credit purchases . . .

Not only are customers and restaurant owners interested in the credit card issue, but so are the service staff. Many professional foodservers will only work in restaurants that accept credit cards because they feel credit purchases result in much larger tips.

Mark Latz, proprietor of the Knife and Fork Inn in Atlantic City, NJ, is one restaurateur who agrees with this impression. "I was terribly surprised at how much larger the tips are with the cards. My staff loves it."

Another supporter is former waiter Jack Kenneally, now general vice president of the Hotel & Restaurant Employees & Bartenders International Union AFL-CIO. "It's psychological, like the chips at Las Vegas. Somehow plastic money doesn't seem as though it's the real thing," says Kenneally.

To reduce the costs a little, restaurateurs can deduct a percent of the credit card user's fee or commission from employee tips before the tips are disbursed. In a large operation, which does a significant amount of its business with credit cards, these small sums can add up quickly.

To cut down on the cost of accepting credit cards, many restaurants are selective about the credit cards they honor. Some honor only bank cards, such as VISA and MasterCard. The bank cards are known for faster crediting policies and generally lower commission rates than the T & E cards—American Express, Diners Club and Carte Blanche.

Nonetheless the cash flow problem presented by credit cards is significant for the industry. In their operations, restaurateurs need funds to meet basic expenses, such as foodstuffs, payroll and linen supplies.

To address this situation, American Express is expanding its Express Deposit programs. Begun in 1979, Express Deposit enables participating restaurants to deposit their American Express charge slips directly into their bank accounts, just as they would cash receipts.

The restaurateur merely completes a regular bank deposit slip for the total amount of the charges and deposits them daily in a participating bank. The slips are then credited to the restaurant's bank account. The procedure allows for ready access to funds and American Express automatically debits the bank account for its discount, which provides the restaurant with a regular statement of transactions.

"Restaurant response to the program has been enthusiastic," points out

Pamella Hebson, American Express director of restaurant/performing arts marketing. "In fact, the number of restaurants enrolled in Express Deposit has more than doubled in the past year."

Another program American Express has inaugurated to help the industry—and to compensate, in part for its high commission charges—is Action Advertising. Begun in the fall of 1980, this program provides professionally designed, camera-ready art to participating restaurants.

Each restaurant chooses ads from a pool of possibilities. Then the restaurant has exclusive use of those ads in the restaurant's market for a pre-arranged period of time. More than 1,200 restaurants across the country have taken advantage of the program in its first year of operation.

Action Advertising has proven particularly helpful to smaller restaurants whose budgets have precluded hiring an agency. The program's appeal, however, is not limited to small establishments. Thomas' of Indianapolis, IN, a 300-seat continental restaurant that had previously engaged in only limited advertising, ran three Action Ads during a one-year campaign in a number of local publications. By the end of the year, Thomas' had increased its American Express charge volume by 109 percent and the average charge transaction by 20 percent.

New prestige cards have advantages . . .

Other credit card companies are also changing to meet the new demands. In addition to their regular cards, VISA and MasterCard have debit cards for instant withdrawals (without float). The new premium prestige cards have their own special advantages. They make it possible to get large cash advances at hotels and banks. They also increase the amount a customer can spend in a restaurant or store before there is a need to call-in for authorization.

Joseph Powell, vice president in charge of research and operation for MasterCard International, considers the future bright for these prestige cards. "Cardholders are willing to pay the special price because they recognize that they are getting a more valuable piece of plastic."

Some say that the balance will be tipped in favor of the debit card by the end of the decade. However, to a certain extent, regular cards are moving in that direction anyway. Some of the banks already have eliminated the grace period that causes a negative cash flow. For example, if someone charged a restaurant meal on July 15, the restaurateur might not file the slip in time for it to show up on that month's bill. If this should happen, the customer could be forced to pay past-due interest—even though the account had never had a problem with rollover before.

With or without grace periods, Powell believes that credit is here to stay. "The cards mean convenience—being able to spend money without having to carry it along."

NRA Director Ralph Evans adds that "business people and travelers today expect to be able to use their cards wherever they go. We have almost no choice but to offer credit cards. We are a service industry and must cater to the needs of our customers."

Taking credit—for the future

It's not unthinkable that in the future your customers will have a mini-computer credit card which will be capable of completing an entire money transaction and credit your bank account for the transaction before the customer even leaves your establishment. Too good to be true?

There *is* a mini-computer credit card in existence, and it's presently in the testing stage. During the mid-1970s, the French experimented with ways to become more competitive in the world telecommunications field. One of the products of their billions of dollar research and development is the so-called "Intelligent" or "Smart Card." The problem was to make much more information available than what can be contained in a strip of magnetic tape—or, in other words, to embed a micro-processor in plastic as thick as an ordinary credit card.

By 1980, three companies achieved a card that met the criteria.

Then came the next question: What application would receive the widest usage? The answer: added security for the electronic transfer of funds. At present, the card is far too expensive for general use (costing almost 30 times the price of manufacturing a regular plastic credit card, or $18 vs. 65¢). However, there is so much potential involved in its informational and security capabilities that there may be widespread interest in the next few years. Hopefully enough to bring its costs way down.

Currently the minicomputer card is being test-marketed in France. It also is playing a part in a six-month pilot project being undertaken by the First Bank Systems of Minneapolis, Minnesota. Stuart McIntire, senior vice president, explains: "We didn't intend to be the first. We were interested in determining customer preference patterns and selected 200 farmers living within 300 miles of Minneapolis for our test group."

McIntire says that the Smart Card in some ways is like a sophisticated version of the debit card. It's memory chip can reprogram itself every two weeks to any predetermined amount. "In effect, it could be an instantaneous deduction, but restaurants still have to interface electronically with their banks. Otherwise it would be like walking around with an uncashed check in your hand," adds McIntire. Smart Cards are also among the methods being considered by the U.S. Department of Agriculture (USDA) to control food stamp fraud. Used at a grocery check-out, the tiny computer immediately would reflect the amount the account is drawn down—at the point of transaction *and* at the welfare office, making food stamps unnecessary.

With all the possibilities of Smart Card usage, McIntire believes a system network is all that is needed to make the card effective. His belief is that one may be developed within the next decade.

Learning the BASICS about electronic cash registers

Part 2 of a series

"If you are a restaurateur and have not bought an electronic cash register yet, it will only be a matter of time before you will have to. Your current equipment has a limited physical and economic life, and manufacturers just are not making mechanical registers anymore. You are also likely to automate because electronic cash registers stand to improve your operations, reduce your costs, increase your revenues and have a net effect of increasing your profits," says Richard G. Moore of the School of Hotel Administration at Cornell University. In this excerpt from NRA's new manual, The Restaurateur's Guide to Electronic Cash Register Selection, *you will learn the basics about different ECRs so that when the time comes to buy a system, you can begin asking the right questions.*

A basic understanding of the functions, operations and components of an electronic cash register (ECR) is essential if you are to make the best possible selection of an ECR system to fill your particular needs. Without this knowledge, your selection is likely to be a random one, influenced by fast-talking or ill-informed salespersons, by casual advice based on limited knowledge from a business acquaintance or by your own instinctive but poorly informed reaction.

To begin with, what is an ECR? An ECR is a cash control device with electronic, rather than manual or mechanical, moving parts. Almost all modern ECRs function as microcomputers or as parts of systems with separate mini-computer units. Like other computers, ECRs work at tremendously high speeds to store data and information for future use or to process data that are fed into them. They generate information by doing various computations of the data put into them (input) and printing the information you need (output) for the different aspects of your business.

There are four basic configurations of ECRs currently available: the stand-alone system, the master/slave system, the back room mini-computer system, and the independently shared memory system.

Four basic ECRs . . .

A stand-alone ECR is just that. It can operate independently of any other ECR or computer. It contains its own micro-processor capable of storing, recalling and working with the input you provide. It can also be made to communicate with other stand-alone ECRs and with peripheral equipment, such as printers (see Figure 1).

The advantages of a stand-alone ECR are

1.) It has the essential capabilities of larger systems and is therefore appropriate for one register operations.

2.) It is the least expensive way to go.

The disadvantages of a stand-alone ECR are

1.) If the hardware of software malfunctions, the entire system is rendered inoperable.

2.) Data cannot be consolidated with more than one unit in a system configuration.

The second configuration, the master/slave, requires two or more ECRs to be linked together by hardwire. Although linked ECRs are usually identical in operation, there is always one exception. One register in the system, the master, contains the central processing unit (CPU) which can be referred to as the "brain." The others, the slaves, are referred to as "dumb" terminals because, while they have I/0 capabilities, they cannot process or compile data into reports (see Figure 2).

Multiple register configurations . . .

The advantages of a master/slave ECR are

1.) It is the least expensive (per unit) of the multiple register configurations.

2.) If a "slave" goes down, it can be replaced by another unit without causing the entire system to go down.

The disadvantages of a master/slave ECR are

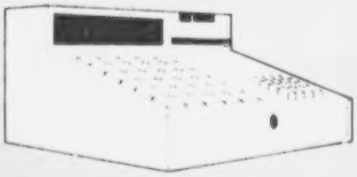
1.) When the "master" register is down, the whole system is inoperable.

2.) It has limited processing capabilities. This reduces the overall flexibility of the system.

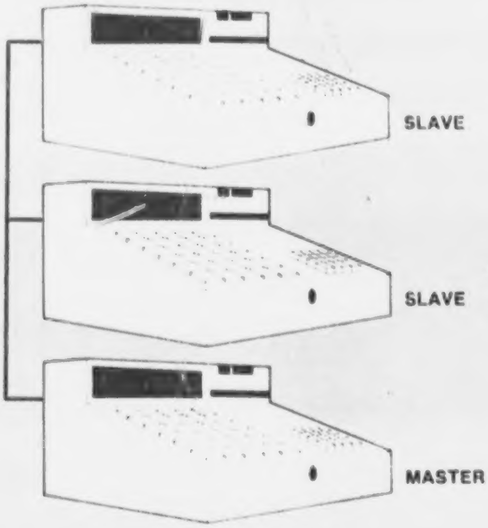
The third configuration, the back room mini-computer system, works on the principle of the master/slave system—except that the central processing unit is not in a register. Instead, the processor is in a separate unit usually located in the back office area (see Figure 3).

The advantages of the back room computer ECR are that it has a large amount of storage and processing capability and it is cost-effective.

The disadvantages of the back room computer ECR are



Stand alone ECR
Figure 1



Master/slave system
Figure 2

1.) It has more complicated installation procedures.

2.) When the central processing unit is down, the entire system is down.

The fourth type of register configuration, independently shared memory, is neither a stand-alone ECR nor a master/slave configuration. Independently shared memory (ISM) has registers that have stand-alone capabilities with the additional function of being able to access, duplicate and/or manipulate all other registers' memory files.

An example of this would be a system where each register can perform all the functions of a stand-alone with the exception that any foodserver can access needed information via the other registers in the system. This configuration requires a hardwire hookup between each register. As with all types of register systems, there are varying degrees of capabilities. The ISM configuration can range from a simple consolidating system to a multi-terminal pre-check/cashier system (see Figure 4).

Advantages of independently shared memory . . .

The advantages of an independently shared memory are

1.) Each register has some capability of a stand-alone unit but can communicate and/or consolidate data.

2.) If one register is down, the system does not become inoperable.

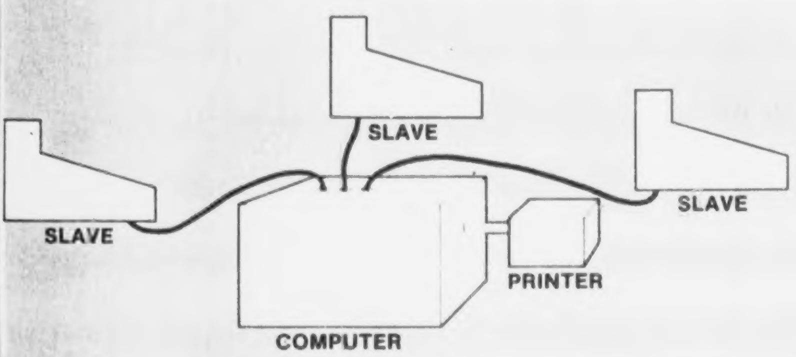
The disadvantages of an independently shared memory are possible inefficiency resulting from redundant processing by multiple registers as well as expense. The larger the configuration, the less cost effective each register becomes.

You probably need only one configuration for your business. Before you can identify which of the various ECR systems is the right one for you, however, you must identify the problem areas in your restaurant.

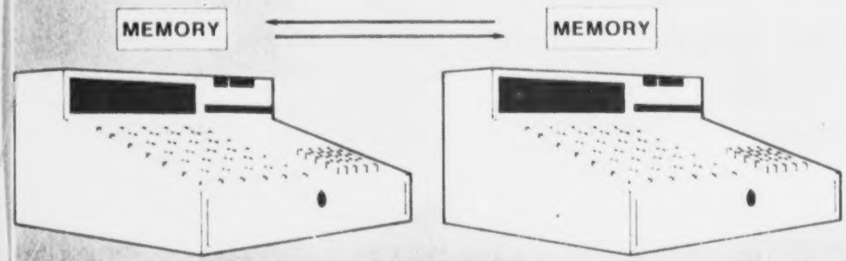
For step-by-step procedures, consult *The Restaurateur's Guide to Electronic Cash Register Selection*. Other topics covered in the manual include analyzing guest service and back-office operations and contacting potential vendors. This manual does not make recommendations on particular manufacturers.

For a copy of the manual, contact Educational Materials Center, NRA, 311 First St., NW, Washington, DC 20001; (800) 424-5156. Ask for MG 152. The cost of the manual is $25.

> **“Before you can identify which ECR is for you, you must identify the problem areas in your restaurant.”**



Back room mini-computer
Figure 3



Independently shared memory
Figure 4

EDUCATION

Finding a crew of superstars

Ask a group of restaurateurs to discuss hourly employees and the following topics are bound to come up: turnover, absenteeism, tardiness, theft, productivity, discipline, recruitment and selection.

Although the problems connected with hiring and selection are industry-wide, they don't have to be. According to James W. Moffa, who teaches NRA's educational seminar Hiring Hourly Employees, it is possible to assemble and retain a top-notch crew of superstars. The key, he says, is organization.

Moreover, by investing time in your hiring practices, you can avoid time consuming and costly mistakes. The first step is to understand your needs.

Job descriptions provide road maps . . .

Drafting job descriptions for all your employees will serve several important purposes. One, it will help you select the right candidates for the job and determine what training, if any, they may need. Two, it will remind employees about their specific duties and responsibilities, giving them a road map to follow from the very beginning. And three, it can help staff members develop career paths by exposing them to the requirements of other positions.

What should be included in a job description? Put in pertinent personnel information, such as title, reporting procedures, salary and job category; the scope and specific duties of the job; position specifications.

When you compile job descriptions, don't overlook employees who are currently in those positions. Not only can they tell you most accurately what they do and how they accomplish each task, but you'll also give them recognition by implying they are doing their jobs well.

> ***"Just as you would not open the doors for business with an empty refrigerator, you cannot effectively recruit, hire and train new employees without proper planning and preparation."***

Job ads can market your restaurant. . .

"When you advertise to fill job vacancies," says Moffa, "you've got to provide prospective candidates with enough information to perk their interest. This is particularly important because you want to attract enthusiastic people to fill jobs with high customer contact."

You should also consider running your job ads in a place in the newspaper other than the traditional "classifieds" section. According to Moffa, the food or sports sections are excellent alternatives. "This way, people who are not actively looking for a job will see your ad. At the same time, you are targeting your market, reaching the types of individuals best suited for your position," Moffa explains.

The best ads also market your restaurant, he adds. "Even if people do not apply for employment, your ad might motivate them to eat in your restaurant."

Ways for you to stay in charge of the interview. . .

Interviews are the next step. Take care of scheduling the interviews yourself. In your ads, ask candidates to call for appointments. This gives you the opportunity to do preliminary screening on the telephone and to schedule interviews at your convenience.

When it comes time to interview,

- Begin by introducing yourself. Then try to put the applicant at ease by discussing something neutral or telling an anecdote.
- Once the applicant is relaxed, establish control. Discuss the job and your organization.
- Ask permission to take notes. Jot down information you want to remember.
- Prepare questions in advance. If possible, make them open-ended. This encourages applicants to talk, giving you more information than you'd get from a simple "yes" or "no."
- Pay attention to how the applicant discusses past jobs and how the individual relates to authority.
- Maintain eye contact. Acknowledge responses, indicating you understand. Do not interrupt.
- Remember that each applicant is a potential customer in your restaurant.

"Be sure not to give a negative impression," urges Moffa. "You always want people to leave with a good feeling about your operation. If you think the interviewee is a viable candidate," says Moffa, "the next step is to sell your company. Take the candidate on a tour of the kitchen or offer a sample of your food." Finally, hire the person you feel will do the best job.

If you are intrigued by these tips, you can get more information by attending an upcoming session of Hiring Hourly Employees. Future seminars are scheduled for September 7 in Charlotte, NC; September 10 in Tampa, FL and September 28 in Cleveland, OH.

For more information, contact the NRA Seminar Department at (800) 424-5156 or (202) 638-6100.

FOODSERVICE TRENDS

How consumers make the decision to eat out

The decisions involved in eating out differ from circumstance to circumstance, according to results of a new NRA consumer attitude and behavior study, *How Consumers Make the Decision to Eat Out.**

This report examines why people eat out at fast food, family, coffee shop and atmosphere/specialty restaurants; when they make the decision to eat out, who influences the decision and what attributes are important when choosing a restaurant.

This information can help restaurateurs develop advertising copy and promotions and can be used to structure or restructure foodservice operations to be in line with what customers want and expect.

Fast food and family restaurants chosen shortly before eating out . . .

The decision on where to eat is made differently depending on restaurant type. The decision to go to a fast food or family restaurant is usually made "spur of the moment" while deciding to go to an upscale restaurant generally requires more planning—perhaps due to the need to make reservations.

Six out of 10 respondents reported that they decided which fast food restaurant to go to immediately before eating out and another 26 percent made the decision within two hours of eating. Of family restaurant patrons, 41.7 percent decided where to eat immediately before going there, 33.7 percent made the decision within two hours of eating, and 21.4 percent decided where to eat more than two hours before eating out but on the same day.

One-fourth of upscale restaurant customers reported that they decided which restaurant to go to more than a day in advance of eating out—compared to only 3.5 percent and 2.3 percent for fast food and family restaurant patrons. Still, a large proportion of atmosphere restaurant decisions are "spur-of-the-moment." Thirty-three percent of the respondents reported they chose the restaurant immediately before going there and 28.6 percent selected the restaurant within two hours of dining.

Children influence choice of restaurant . . .

Children under 13 and teenagers both influence the choice of restaurant. Twenty-four percent of children under 13—who were present at a recent fast food meal occasion—had a say in whether or not the family should eat out and 36.6 percent helped select the fast food restaurant.

Teenagers also influence the choice of fast food restaurants. Nearly half of the teenagers present at a recent fast food meal occasion were influential in choosing the restaurant, and 36.6 percent helped decide whether or not the group should eat out. Adults, on the other hand, have more say in the actual decision to eat out than in the selection of the restaurant.

Adults, on the other hand, have more say in the actual decision to eat out than in the selection of the restaurant.

Children and teenagers are also part of the decision-making process when families dine at family-type restaurants, but their influence is not as strong as in the decision-making process for fast food eating places. Fifteen percent of the children under 13, who ate at a family restaurant, had a say in whether or not to eat out and 25.7 percent helped select the restaurant.

When do consumers decide which restaurant to patronize

When decision was made	Fast food restaurant	Family restaurant	Atmosphere restaurant
Immediately before eating out	58.8%	41.7%	33.0%
Within two hours of eating out	26.1	33.7	28.6
More than two hours before eating out, but on the same day	5.0	21.4	6.6
More than a day in advance of eating out	3.5	2.3	26.5
Do not know	6.7	0.8	5.2

Source: *How Consumers Make the Decision to Eat Out*, National Restaurant Association, June 1982.

**This study is based on results of a telephone survey conducted in November 1981 for the National Restaurant Association by the research firm Westat. The random sample of 800 households reflects the composition of the American population. Only individuals 18 years old or older, who had eaten out at least once in the two weeks prior to the survey, were interviewed.*

Who helps make the decisions to eat out

Party member	Percent of party members at fast food restaurants who influenced decision on: Eating out	Which restaurant	Percent of party members at family restaurants who influenced decision on: Eating out	Which restaurant
Spouse or date	50.8%	47.7%	64.8%	64.2%
Children under 13	24.1	36.6	15.0	25.7
Children 13 to 17	36.6	49.5	16.2	32.4
Adult relatives other than spouse	55.9	45.8	57.0	53.3
Friends	54.4	48.2	38.0	54.2
Respondent*	59.3	52.3	61.1	59.6

*Does not include occasions on which the respondent was alone.

Source: *How Consumers Make the Decision to Eat Out*, National Restaurant Association, June 1982.

The corresponding proportions for teenagers are 16.2 percent and 32.4 percent, respectively. Adults have considerably more say in the decision-making process for a family-type restaurant than for a fast food place, as shown in the accompanying table.

Few parties at atmosphere or upscale restaurants include children or teenagers and, as a result, their influence on the decision-making process for this restaurant type is minimal.

Spouses and friends exert substantial influence on whether or not the group should eat out and where.

Considerably more information on the decision-making process for eating out is available in the complete study report. *How Consumers Make the Decision to Eat Out* discusses why consumers eat out, analyzes differences among demographic groups and explains what attributes—such as price, service, food quality—are considered when choosing a restaurant.

A copy of the report is available from NRA's Educational Materials Center, 311 First St., N.W., Washington, DC, 20001 or by calling, toll-free (800) 424-5156. The price is $25 for members and $45 for non-members. (When ordering, please specify number CS 960.)

Lodging place sales estimates revised

The National Restaurant Association has revised its lodging place sales estimates for years 1973 to 1980. These revisions are based on information from the recently released *1977 Census of Selected Service Industries* and amend those previously published in *Foodservice Trends* and the *Foodservice Sales Panorama*. Lodging place sales estimates for 1981 and 1982 have not been revised and, therefore, are not comparable with those presented below. (Revisions to 1981 and 1982 sales figures will be published in the December 1982 "Foodservice Trends" section of *NRA News*.)

Revised lodging place sales, 1973-1980

	1973	1974	1975	1976	1977	1978	1979	1980
Hotel restaurants	$1,968,801	$2,216,770	$2,538,202	$2,923,555	$3,267,735	$3,738,856	$4,109,463	$4,439,576
Motor hotel restaurants	474,167	501,648	547,898	594,567	629,184	686,754	742,518	791,227
Motel restaurants	915,020	943,244	1,006,535	1,077,328	1,133,350	1,226,398	1,301,331	1,368,009
Total lodging places	**$3,357,988**	**$3,661,662**	**$4,092,635**	**$4,595,450**	**$5,030,269**	**$5,652,008**	**$6,153,312**	**$6,598,812**

Source: *Malcolm M. Knapp, Inc.; National Restaurant Association.*

CREST reports on popularity of entree items

Chicken, Chinese food, onion rings, tea and wine were the fastest growing items in restaurants in the CREST year beginning September 1980 and ending August 1981.

These findings are a result of a recent survey on menu product positioning in which CREST analyzed the change in the frequency of ordering menu items as well as changes in the incidence of ordering entrees by meal occasion.

By studying the results of this survey restaurant operators can determine which new food or beverage item they might add to their menus to help build traffic at specific meal occasions.

Chicken fastest growing entree. . .

According to the CREST study findings, chicken was the fastest growing entree in 1981. Orders for chicken were up 19 percent from the year earlier—compared with a two-percent gain for the industry as a whole. Chicken's above average growth is due, in part, to the recent introduction of chicken sandwiches at many fast food restaurants.

Chinese food also experienced rapid growth in 1981; servings were up 13 percent from the year before. Orders for veal and main dish salad rose nine percent. Mexican food and pizza followed with gains of four percent and three percent, respectively.

In contrast, ham, hot dogs, fish sandwiches, hamburgers and pork experienced a decline in the number of servings in 1981. Ham, for example, was down 10 percent.

Onion rings gaining in popularity. . .

Onion rings experienced the largest gain in the number of side-dish servings in 1981—up nine percent from the year earlier. Breakfast potatoes followed with a seven-percent increase, and baked/mashed potatoes were up five percent.

Next in the number of servings were french fries and soup—up two percent, the same rate as for the industry as a whole. Salads had a gain of one percent. Vegetables were the only side dish to experience a decline in the number of orders in 1981—down one percent from the year before.

Tea and wine fastest growing beverages. . .

Demand for tea and wine grew faster than that for other beverages in 1981—five percent. Soft drink orders were up four percent while servings for coffee and milk experienced no change from the prior year.

The number of servings for shakes fell seven percent from 1980—the largest decline for any beverage item in 1981. Orders for beer and cocktails also fell—down one percent from the year before.

Forty-one percent of all entrees are ordered at lunch. According to CREST results, consumers showed a preference for hot dogs and salads at the midday meal, as 59 and 58 percent of orders, respectively, occurred at lunch. More than half of total orders for fish sandwiches, chicken sandwiches, roast beef sandwiches, cheeseburgers and hamburgers also occurred at lunch.

Pizza and Chinese food preferred at supper. . .

Over half, 51 percent, of total entrees were ordered at the evening meal. Consumers showed a preference for pizza and Chinese food at this meal occasion as 72 percent and 71 percent of orders, respectively, occurred at supper. Fish and veal followed with 69 percent of the orders for each of these entrees. Pasta, beef and chicken were also ordered more often at supper than at other meal periods. The CREST study found no preference for Mexican and pork entrees by meal occasion.

Percent change in number of orders, 1981 vs. 1980

Entrees	**Percent change**
[illegible]	[illegible]
Chinese food	13
[illegible]	[illegible]
Salads	9
[illegible]	[illegible]
Pizza	3
[illegible]	[illegible]
Hamburgers	– 2
[illegible]	[illegible]
Hot dogs	– 6
[illegible]	[illegible]
Side dishes	
Onion rings	9
[illegible]	[illegible]
Baked/mashed potatoes	5
[illegible]	[illegible]
Soup	2
[illegible]	[illegible]
Vegetables	– 1
Beverages	
[illegible]	[illegible]
Wine	5
[illegible]	[illegible]
Coffee	nc
[illegible]	[illegible]
Beer	– 1
[illegible]	[illegible]
Shakes	– 7
Total industry	**2**

Note: *Percent change is from CREST year ending August 1980 versus year ending August 1981.*
nc = no change

Source: *CREST, NPD Research, Inc.*

Consumer Analysis

This report compares domestic travel during March 1982 with domestic travel during August 1981. The purpose is to examine restaurant habits of travelers during a light travel month, such as March, with those of travelers during a heavy travel month, such as August. To gather the necessary data, the National Restaurant Association included several proprietary questions on the March 1982 National Travel Survey (NTS). The same questions had been included on the NTS survey for August 1981.*

Restaurant spending habits of domestic travelers

March 82 vs. August 81

Highlights

- **Domestic travelers** spent $3.3 billion in the nation's restaurants during March 1982. They spent more than double that amount—$7.6 billion—during August 1981.
- On average, **each travel party** spent $22 per day on restaurant meals and snacks in March 1982, approximating the August 1981 level of $23. However, total spending per trip was higher during August than March—$129 compared with $114.
- Parties traveling during March ate out an average of 6.4 times per trip, slightly above the 6.1 times reported in August 1981.
- The average number of visits to **upscale restaurants** (where the average per person check is more than $5.00) was higher in March than August—3.0 times versus 2.1 times.
- More people traveled to a **business meeting** or convention in March than in August—26 percent versus 12 percent.
- **Airline and business travelers** had the largest restaurant expenditures among March travelers, averaging $27 and $28 per day. In August 1981 these figures were $31 and $24, respectively.
- March airline and business travelers visited upscale restaurants about twice as often as the average traveler—6.4 and 5.7 times, respectively. In contrast, August airline and business travelers visited upscale restaurants—5.1 and 2.9 times, respectively.

**The National Travel Survey (NTS) is conducted monthly by the U.S. Travel Data Center, the national non-profit center for travel and tourism research. Over 1,000 adults are interviewed by telephone concerning their travel in the prior month and the results are projectable to the national population. Interviewing for this study was conducted during the first week of April 1982 and respondents were queried about any trips they or their families had taken during March. The results are based only on trips of 100 miles or more one way.*

Domestic travelers spent $3.3 billion in restaurants during March. . .

Domestic travelers spent a total of $3.3 billion in the nation's restaurants during March. This figure includes spending for meals and snacks as well as for tips and sales tax by both vacation and business travelers. After adjusting for tips and sales tax, NRA estimates travelers contributed approximately $2.6 billion to industry sales during March, the equivalent of two percent of projected total annual Commercial Group food and beverage sales.

This compares with a considerably larger $6.4 billion total, or six percent of 1981 Commercial Group food and beverage sales, spent by August 1981 travelers. Higher total restaurant expenditures by persons traveling during August can be attributed in part to a larger number of people vacationing or traveling on weekends during the summer months.

In addition, the survey revealed some significant differences in restaurant habits between people traveling during March and those traveling in August. March travelers, on average, spent $22 per day on restaurant meals and snacks—not much less than the $23 per day average spent by August travelers. Total restaurant spending per trip, however, was higher during August than March—$129 compared with $114.

Parties traveling during March reported eating out an average of 6.4 times during their trip, slightly above the August level of 6.1. Business and air travelers had the highest frequency of eating out—9.0 and 9.7 times in March, respectively. Persons traveling for pleasure visited restaurants an average of 7.4 times in March and 7.3 times in August 1981 while auto travelers reported eating out 5.2 times during their March trip and 5.3 times during August 1981. Persons visiting friends or relatives had the lowest number of restaurant visits—4.0 times in March and 4.3 times in August.

Fewer adults traveled during March. . .

Fewer adults traveled during March than August. Seventeen percent of the U.S. adult population took at least one trip during March, compared with a considerably larger proportion—34 percent—in August.

When asked to indicate the primary reason for their trip, 37 percent of the respondents to the March survey said their trip involved visiting friends or relatives, while 27 percent indicated they traveled for entertainment or outdoor recreation. In contrast, 31 percent of respondents to the August 1981 survey stated that they traveled to visit friends or relatives while 45 percent said they traveled for entertainment and outdoor recreation.

Business travelers were more important to the restaurant industry in March than August when 26 percent of travelers indicated that a business meeting or convention was the primary reason for their trip. This is considerably higher than the 12 percent reporting they traveled for business reasons during August 1981.

The average distance for a trip in March 1982 was 900 miles, compared with 840 miles in August 1981. Business travelers reported an average trip length of 940 miles while pleasure travelers went 1,000 miles. The average distance for an airline trip in March was 1,940 miles versus 580 for an auto trip.

The average number of nights away from home for all travelers during March was somewhat shorter than in August—5.2 nights versus 5.6 nights. However, persons traveling for pleasure were away longer in March—6.8 nights—than during August—5.8 nights. Air travelers were also away longer in March than in August—8.1 nights versus 7.7 nights. Average trip duration for persons traveling to a business meeting or convention in March was 4.3 nights, similar to the August level of 4.4 nights.

On the other hand, persons traveling to visit friends or relatives were away 4.6 nights during March, well below the August level of 6.1 nights. Auto travelers also had a shorter trip duration in March than August—3.9 nights compared with 5.1 nights.

Almost half, 49 percent, of March travelers stayed at a hotel or motel versus a smaller proportion, 40 percent, in August 1981. Seventy percent of business travelers and 46 percent of airline travelers reported using such accommodations in March. These percentages were higher in August—with 75 percent of business travelers and 61 percent of airline travelers staying at hotels and motels. In contrast, more pleasure travelers reported staying at hotels and motels in March 1982 than during August 1981—54 percent versus 47 percent.

Restaurant expenditures vary by income level and age group. . .

Restaurant expenditures by travelers vary by income level and age group. Persons from households with an annual income of $30,000 and over spent an average of $31 per day on restaurant meals and snacks while traveling in March—more than three times the $9.00 daily average spent by persons from households earning less than $10,000. Persons from households earning between $10,000 and $30,000 spent an average of $17 per day in commercial eating establishments.

In comparison, persons from families with an income of $30,000 and over also had the highest daily average restaurant expenditures during August—$28. This is twice the $14 daily average spent by persons from households earning less than $10,000. Persons from households with an income between $10,000 and $20,000 spent an average of $21 per day during their August trip while those earning between $20,000 and $30,000 averaged $22 per day.

Daily restaurant expenditures by travelers

Percent spending	March 1982	August 1981
$ 1-$5	6%	7%
$ 6-$10	4	4
$10-$19	15	19
$20-$29	20	19
$30-$39	12	10
$40-$59	12	16
$60 and over	11	7
Did not eat out	21	18
Average spent per day	$ 22	$ 23
Daily average per person	$ 11	$ 11
Average total per trip	$114	$129

Source: National Travel Survey, *U.S. Travel Data Center, National Restaurant Association.*

Of respondents traveling in March, those between the ages of 55 and 64 spent the most money on restaurant meals and snacks—$26 daily. Close behind were those in the 45 to 54 age group, who spent $25, and those between the ages of 25 to 34, who spent $23. Persons 65 years old and over spent significantly less on restaurant meals and snacks during their March trips than did travelers in other age groups—an average of $13 per day.

Among August travelers, persons between the ages of 25 to 34 had the highest daily average restaurant expenditures—$27—while those from both the 35 to 44 and 45 to 54 age groups spent an average of $25 per day. Persons 65 years and over were close behind with an average of $24 per day. Those spending the least on restaurant meals and snacks were between the ages of 55 to 64—a daily average of $18.

Business travelers have highest daily restaurant expenditures in March. . .

Daily restaurant spending habits vary considerably when reason for trip and principal mode of transportation are analyzed. Business and pleasure travelers usually spend more than the daily average for all travel parties while those visiting friends or relatives usually spend less.

Business travelers spent an average of $28 per day for restaurant meals and snacks during March, well above the $22 daily average for all travelers. Business travelers in August 1981, on the other hand, spent an average of $24 per day, just slightly above the $23 daily average.

People traveling to a business meeting or convention in March ate out more often than did their August counterparts—an average of 9.0 times compared with 6.9 times. Business travelers also tended to visit upscale restaurants more frequently in March—5.7 times—than in August—2.9 times.

Restaurant expenditures by pleasure travelers averaged $26 per day during their March trip, similar to the August 1981 level of $25 per day.

On the other hand, persons traveling to visit friends or relatives have the lowest daily restaurant expenditures. These travel parties spent an average of $13 per day in commercial eating establishments during March, well below the August 1981 level of $20. As mentioned earlier, persons traveling to visit friends or relatives were away for a somewhat shorter period of time in March than in August—4.6 nights versus 6.1 nights—contributing to their lower daily average spending. Lower restaurant expenditures by these travelers also reflect their tendency to dine at home with their hosts.

Respondents to the March 1982 survey who indicated that they traveled by air spent considerably more on restaurant meals and snacks than those who traveled by car—$27 versus $20. In comparison, the figures for air and auto travelers in August were $31 and $22, respectively.

Business and air travelers tend to patronize upscale restaurants. . .

Business and air travelers dined out more frequently at upscale restaurants (where the average per person check is more than $5.00) than the average March traveler. Persons traveling

Average number of visits to various restaurant types by travelers

Restaurant type	March 1982	August 1981
Fast food	1.4	1.4
Cafeteria	0.4	0.4
Moderate price restaurant*	1.4	1.8
Upscale restaurant**	3.0	2.1
Recreation or amusement park	0.2	0.4
Total visits	**6.4**	**6.1**

**Average per person check under $5.00*

***Average per person check over $5.00*

Source: National Travel Survey, *U.S. Travel Data Center, National Restaurant Association.*

to a business meeting or convention in March reported eating at this restaurant type an average of 5.7 times during their trip versus only 3.0 times for all travelers. In comparison, in August 1981 business travelers ate at upscale restaurants three times while the average traveler visited upscale restaurants twice. Airline travelers reported eating at upscale restaurants an average of 6.4 times during their March trip, substantially higher than the August level of 5.1

Pleasure travelers ate out more often at upscale and moderate priced restaurants—3.0 times and 1.9 times—than at fast food restaurants and cafeterias—1.4 times and 0.7 times. On the other hand, persons visiting friends or relatives ate out most frequently at fast food restaurants—1.4 times.

These figures were very similar to those in the August 1981 survey where pleasure travelers indicated visiting upscale restaurants 2.6 times, moderate-priced restaurants 2.4 times, fast food restaurants 1.4 times and cafeterias 0.3 times. Persons visiting friends or relatives in August ate at fast food restaurants 1.5 times.

Business travelers spent considerably more than all travelers for restaurant meals and snacks on a daily per person basis. According to survey results, March business travelers spent $20 per person per day in restaurants—substantially more than the average spent by all travelers taken as a group—$11. As the spending figures indicate, business travelers ate out more frequently than the aggregate of all persons traveling during March—9.0 times versus 6.4 times. In addition, they had a considerably higher average number of visits to upscale restaurants than all travelers—5.7 compared with 3.0

In contrast, persons traveling for business during August 1981 had daily restaurant expenditures of $13 each. Previous NRA surveys also have shown that business travelers are more likely to patronize restaurants while traveling than do vacationers. (See October 1979 *Foodservice Trends.*)

Pleasure travelers reported spending $12 on restaurant meals and snacks on a daily per person basis during their March trip, twice the $6 average spent by persons visiting friends or relatives. In comparison, persons traveling for pleasure during August 1981 had daily restaurant expenditures of $11 while those visiting friends or relatives spent an average of $10.

March travelers who reached their destinations by air spent considerably more in commercial eating establishments on a daily per capita basis than did auto travelers—$17 versus $10. This compares with $21 and $10, in August 1981.

How CREST data can help you

CREST—Consumer Reports on Eating Share Trends—provides restaurant operators with information on measures of industry performance, such as customer traffic and sales by restaurant type and meal occasion.

The purpose of the CREST study is to help restaurant operators understand industry trends and put these trends to use in planning advertising and promotional campaigns, menu additions or beginning new meal period service.

In addition, since CREST is an ongoing study, it allows comparison against a standard, enabling restaurant operators to make decisions based on documented trends rather than casual observation. The following sample answers on typical industry questions demonstrate how restaurant operators can put CREST data to work for them.

Question: I operate a fast food restaurant. During the spring customer traffic was up 3.0 percent. Is this increase on par with performance nationally?

Answer: CREST data show that customer traffic for all restaurants declined 0.7 percent in March, April and May from the same period a year ago. However, fast food restaurants experienced a 1.7 percent gain in customer counts during this period.

Question: I am choosing a location for a new dinner house restaurant. How far will people travel to reach a restaurant of this type?

Answer: It took patrons an average of 17.8 minutes to reach a dinner house restaurant during the spring quarter, nearly six minutes more than the average of 11.9 for all restaurants.

Question: I am considering adding chicken, fish or main dish salad to my menu. Which of these items has experienced the most rapid growth in terms of order frequency?

Answer: Although figures for the year may be different from those in any one quarter, in spring 1982 main dish salads were eaten more frequently than in spring 1981—on 3.3 percent of meal occasions, up from 2.6 percent in 1981. Chicken was ordered as often in spring 1982 as in spring 1981—on 8.5 percent of the occasions. However, patrons were ordering fish/seafood items less often as the percent of occasions on which this item was ordered fell to 6.5 percent in the March-April-May period from 6.9 percent during the same quarter a year ago.

For further information about CREST studies, contact NRA's research and information services department, 311 First St., N.W., Washington, DC 20001.

CREST REPORT

CREST highlights

- **Customer traffic at the nation's restaurants declined 0.7 percent during the spring quarter following four consecutive periods of growth.**
- **CREST data indicate that fewer families were eating out during the March-April-May period and that they were eating out less often as well.**
- **CREST industry sales increased a modest 2.6 percent in the spring quarter over sales for the same period during 1981.**
- **The use of promotions continued to increase—11.6 percent of meal occasions involved a promotion during the spring CREST quarter, up from 9.4 percent during the same three-month period a year ago.**
- **Family and fast food restaurants posted modest gains in traffic in the spring quarter—4.8 percent and 1.5 percent, respectively. However, customer counts declined at coffee shops and cafeterias as well as at atmosphere/specialty and take out restaurants.**
- **Restaurant traffic advanced at breakfast and supper in the most recent CREST period, but customer counts declined for the mid-day meal.**

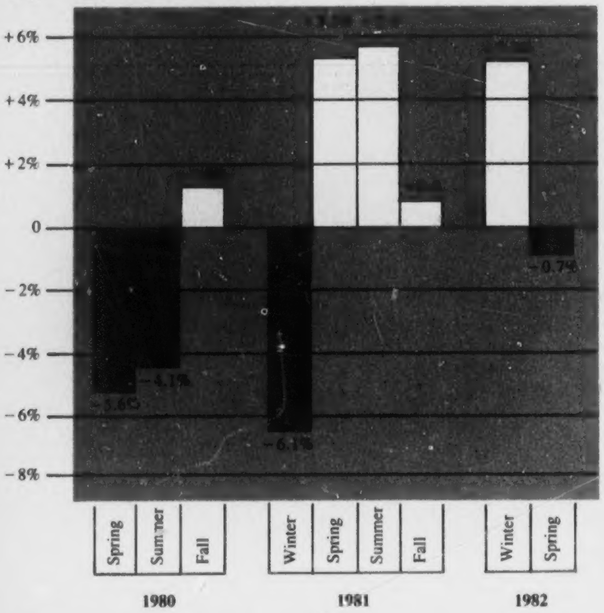
Customer traffic down one percent

Customer traffic at the nation's restaurants declined in the spring quarter following four consecutive periods of growth. Customer counts fell 0.7 percent during March, April and May 1982 from the same three-month period in 1981. This compares with gains of 5.2 percent in the winter quarter, 0.8 percent in the fall quarter and 5.6 percent during the summer quarter.

Although the continuing recession and high level of unemployment probably contributed to the cutback in the number of restaurant visits during the spring quarter, CREST researchers believe the poor performance also may have been exacerbated by the strong 5.3 percent gain in traffic during the March-April-May period last year.

Gallup's "Monthly Monitor of Eating Out," which tracks consumer behavior in the eating-away-from-home market, reported similar findings for the three-month period. An average of 38 percent of the people interviewed in Gallup's March, April and May surveys reported eating out at least once dur-

Percent change in quarterly customer traffic
(Spring '80-Spring '82)



Note: *Percent change is from same quarter in prior year*
Source: *CREST, NPD Research, Inc.*

ing the preceding day—unchanged from the same quarter in 1981.

However, industry performance is expected to improve during the second half of 1982. According to the Bureau of Economic Analysis, real Gross National Product (GNP)—adjusted for inflation—increased in the second quarter. This may mark the end of the recession. In addition, the climate for consumer spending should improve as inflation continues to moderate and because of the increase in disposable personal income, resulting from the July 1, 1982 tax cut.

NRA's forecast calls for eating places to experience positive real growth of two percent in 1982—after a real gain of one percent in 1981.

Families dining out less often . . .

The average number of times families visited restaurants in the spring quarter (visit frequency) fell 3.2 percent from the same period a year ago. The proportion of families in the eating-away-from-home market declined as well, also contributing to the drop in traffic.

An analysis of visit frequency by restaurant type shows that cafeterias experienced the largest drop of any restaurant category during the spring quarter—down 6.2 percent. Family restaurants followed with a much smaller decrease—1.8 percent. Close behind were coffee shops and atmosphere/specialty restaurants—down 1.6 percent and 1.5 percent, respectively.

Fast food and take-out restaurants experienced no change in visit frequency during the spring quarter from the same three-month period in the prior year.

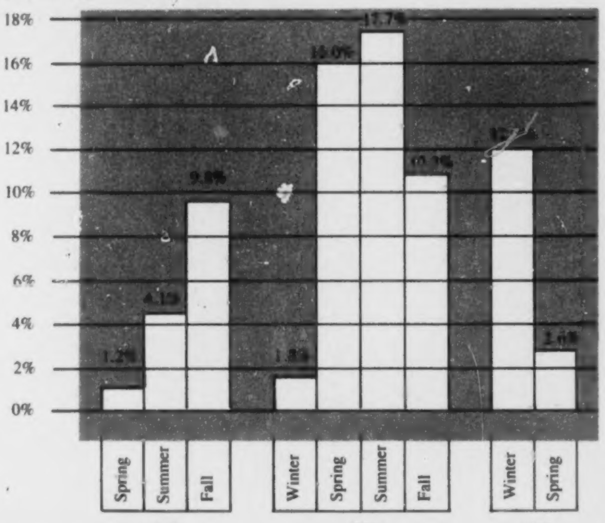
Restaurant sales up only 2.6 percent . . .

CREST sales posted a modest increase in the spring quarter following four consecutive periods of strong growth. Sales rose 2.6 percent in the March-April-May period from the same quarter in the prior year. This compares with a considerably stronger 12.0 percent advance recorded in the previous winter quarter and a 10.3 percent gain in the fall quarter.

The average expenditure for a restaurant meal or snack—per person check size continued to moderate in the spring quarter—up 3.3 percent. This compares with more rapid gains of 6.3 percent and 9.3 percent in the winter and fall quarters, respectively. In addition, the 3.3 percent rise in the most recent CREST period is well below the 5.7 percent increase in menu prices measured by the Consumer Price Index (CPI) for food away from home during the three-month period.

Restaurant operators are continuing to use promotions as a means of building customer traffic. In the spring quarter, 11.6 percent of the meal occasions involved a promotion—up from 9.4 percent during the same three-month period in 1981.

Percent change in quarterly CREST sales*
(Spring '80-Spring '82)



**Sales based on total U.S. average for two-week period each quarter*
Note: *Percent change is from same quarter in prior year.*
Source: *CREST, NPD Research, Inc.*

However, promotional usage declined somewhat from the 12.5 percent level reached in the previous winter quarter (December-January-February).

A look at promotional usage by restaurant type shows that fast food and family restaurants use promotions more frequently than other restaurant types. Promotions were used for 15.6 percent of the meal occasions at fast food restaurants in the most recent CREST quarter—up from 12 percent during the same period a year ago. The use of promotions at family restaurants increased from 8.5 percent of the occasions in the 1981 spring quarter to 11.4 percent in the most recent CREST period.

Traffic increases at family and fast food restaurants . . .

Family and fast food restaurants posted modest gains in traffic during the spring quarter, but customer counts declined at coffee shops and cafeterias as well as at atmosphere/specialty and take-out restaurants.

Traffic rose 4.8 percent at family restaurants in the spring quarter from the same three-month period in the prior year, following a considerably stronger 10.0 percent gain in the previous winter quarter. More families were eating out at this restaurant type in the most recent CREST period contributing to the increase in traffic. Promotions were used heavily—11.4 percent of meal occasions—at family restaurants in the spring quarter. This, along with a moderate 2.5 percent advance in check size may have resulted in consumers perceiving they were getting more value for their money at a family restaurant.

Customer counts at fast food restaurants rose 1.5 percent in the March-April-May period over the same quarter in 1981. This was considerably slower than the 7.1 percent gain posted during the winter quarter. Fast food restaurants experienced no change in the number of visits by patron families in the spring quarter. However, there was a slight increase in party size (the average number of persons per occasion), most likely accounting for the modest rise in traffic.

Promotions were used on 15.6 percent of meal occasions at fast food restaurants during the spring CREST period—up from 12.0 percent in the spring of 1981. The per person check size rose a moderate 1.6 percent at fast food restaurants in March, April and May—well below the 3.3 percent increase for all restaurants.

Atmosphere/specialty restaurants posted a 5.4 percent decline in customer traffic in the most recent CREST quarter compared to the same three-month period a year ago. This decline continues the 2.4 percent decrease experienced in the winter quarter. Visit frequency was down at this restaurant type as was the proportion of families eating out. Consumers may have altered their eating-out behavior in response to the economic conditions by "trading down" or going to less expensive restaurants. (See *NRA NEWS*, May 1982.)

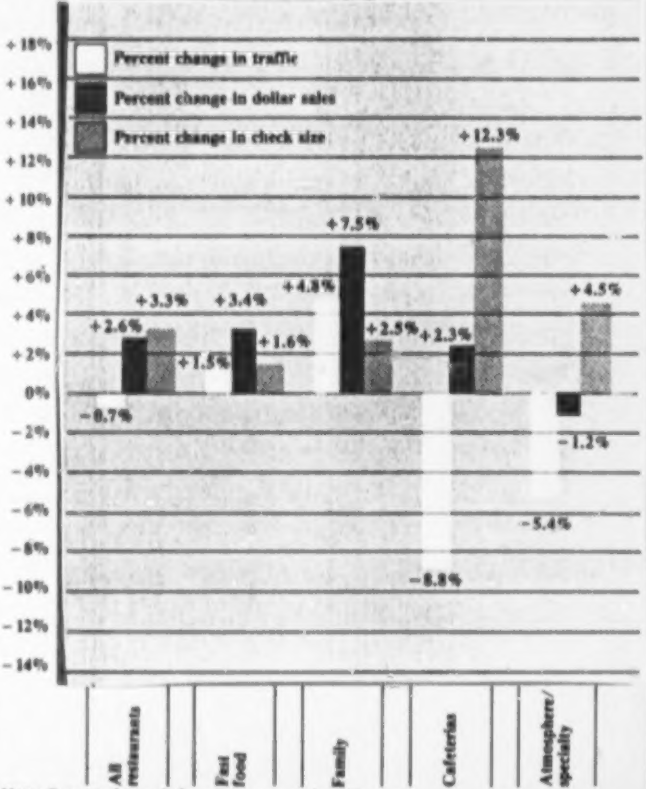
In addition, the per person check size rose 4.5 percent at atmosphere/specialty restaurants well above the 3.3 percent increase for all restaurants and promotional usage was up only slightly, accounting for 10 percent of meal occasions, compared with 9.8 percent for the same three-month period in 1981. As a result, some patrons may have perceived a poor price/value relationship for a meal at this type of restaurant.

Coffee shops, cafeterias and take-out restaurants also posted declines in traffic during the most recent CREST period. The decrease in customer counts for these restaurant categories can be attributed to fewer families eating out. In addition, coffee shops and cafeterias experienced a decline in visit frequency during the spring quarter, contributing to the drop in traffic.

Traffic up for breakfast and supper . . .

Growth in breakfast traffic slowed considerably in the spring quarter—up a modest 1.2 percent from the same period in 1981. This contrasts with substantially stronger gains of 14.6 percent and 8.5 percent in the winter and fall quarters,

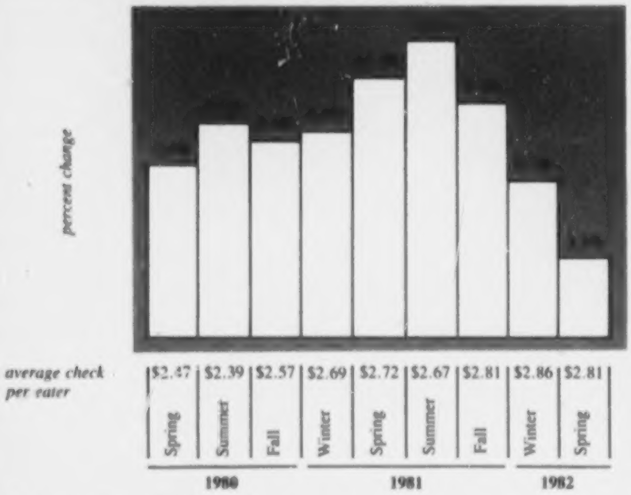
Spring quarter performance by select restaurant type



Note: *Percent change is from same quarter in prior year.*
Source: *CREST, NPD Research, Inc.*

Average per person check*

(Spring '80-Spring '82)



*Based on average two-week period
Note: *Percent change is from same month in prior year.*
Source: *CREST, NPD Research, Inc.*

respectively. More families were eating out for breakfast during the spring quarter, contributing to the rise in traffic. Promotions accounted for 10.8 percent of breakfast occasions during the most recent CREST quarter, up from 6.1 percent in the same period a year ago. Breakfast posted a 3.1 percent rise in average check size during the March-April-May period, approximating the 3.3 percent gain for all restaurants.

Supper had the largest rise in restaurant traffic during the spring quarter—up 2.7 percent from the same three-month period a year ago. This follows a considerably stronger 6.2 percent advance recorded in the previous winter quarter. Although there was no change in the proportion of families eating out at supper nor in the number of visits by families during the spring quarter, party size did rise slightly—probably accounting for the increase in traffic.

The per person check size at supper advanced a moderate 1.6 percent in the spring CREST quarter, well below the 3.3 percent rise for all restaurants. Promotional usage was on the increase for the evening meal during March, April and May accounting for 16.2 percent of occasions. This was up from 13.5 percent in the same quarter a year ago. Taken together, these factors may have led some consumers to perceive a favorable price/value relationship for the evening meal and contributed to the above average rise in customer counts.

Restaurant traffic for the mid-day meal fell 3.1 percent during the spring quarter from the same three-month period in 1981. This contrasts with gains of 2.1 percent in the winter quarter and 3.8 percent in the fall quarter. Fewer families were eating lunch out during March, April and May, and they were eating out less often as well—accounting for the decline in traffic. Higher unemployment may also have been a factor in slower traffic at lunch. Unemployment reached 9.3 percent during the most recent CREST period—up from 7.4 percent in the same period in 1981.

Snacking occasions recorded a 2.8 percent decline in customer counts during the spring quarter from the same period a year ago. This follows a strong 5.4 percent increase in the winter quarter. Fewer families were eating out at this meal occasion during March, April and May, and they were snacking less often as well—accounting for the drop in traffic.

What is CREST?

Launched in September 1975, the CREST (Consumer Reports on Eating Share Trends) survey is designed to track expenditures and behavior in the commercial segment of the foodservice industry. While the study does track chain trends, it contains a great deal more data, including information by type and classification of restaurant and also by meal or snack period.

Some 10,000 families, or approximately 30,000 persons, participate in the study. They have been selected to represent the demographic patterns in the U.S. Each family is asked to record restaurant experiences for a particular two-week period for each of the four quarters during the year. Because the study is repetitive, it creates an excellent opportunity to follow changing trends.

In order to properly complete the CREST diary, several steps are involved. Step 1 requires that each household member make a daily entry for each meal during the two-week period. Whenever the code for restaurant purchases appears, the participant is asked to elaborate on the occasion by making further entries in the diary.

The second portion of the diary is used only if a household member ate or obtained food prepared away from home in establishments such as restaurants, hotels and motels, fast food/drive-ins, delicatessens, refreshment stands, carryouts, coffee shops, donut shops, ice cream shops or eating places inside variety stores or other retail stores. The diary will not include any meals eaten at schools, hospitals, colleges, or other institutional feeding places. When the two-week reporting period is complete, the diary is returned to NPD Research, Inc.

The CREST study is a joint effort of individual foodservice organizations acting in concert to fund a study perhaps beyond the economic reach of any of the individual participants. NRA is solely a participant in this study and not a sponsor. Readers wishing more information on how to participate in the CREST study should contact NPD Research, Inc., 9801 West Higgins Road, Rosemont, IL 60081.

The CREST study is designed to provide information on customer behavior, not attitudes. This study will, therefore, provide the user with information on how much people spend, where they spend, what they spend on and so forth. It will not tell people's attitudes toward a particular issue. Because it is an ongoing study, it will allow comparison against a standard—and aid in the development of trend analysis. This enables the operator to make decisions based on documented trends rather than on casual observation.

Industry index

Sales at eating and drinking places increased 10.7 percent in June 1982 over the same month a year ago. This increase follows a somewhat slower 8.4 percent gain in May.

Eating place sales advanced 6.8 percent in April over the same period in 1981 with inflation-adjusted sales up 1.5 percent. This growth is in line with NRA's forecast that eating places will experience real growth of two percent in 1982, compared with the somewhat slower—1.0 percent—gain in 1981.

Menu prices, based on the Consumer Price Index (CPI) for food away from home, increased 5.4 percent in May over the same month a year ago. This approximates the 5.3 percent gain of April. However menu prices are rising at a much slower pace than the overall rate of inflation.

Prices for food at home have been rising at a slower rate than food away from home, according to the Bureau of Labor Statistics' Consumer Price Index (CPI). Prices for food at home rose 4.5 percent in May over the same month in 1981, compared with a somewhat lower, 3.4 percent, increase in April.

Retail sales ($000,000)

	June 1982	percent change vs. June year ago	year-to-date sales 1982	percent change vs. year ago
All retailers	$89,798	+2.8%	$505,986	+2.5%
Eating & drinking places	9,054	10.7	49,132	8.0
Food stores	20,981	6[illegible]	[illegible],314	5.7

Source: *Bureau of Census, unadjusted data; sub[illegible]d.*

Eating place indicators (000,000)

	April 1982	percent change vs. year ago	year-to-date sales	percent change vs. year ago
Eating place sales	$7,361	6.8%	$27,362	7.1%
Real eating place sales (April)	—	+1.5%	—	+1.2%

Sources: *Bureau of Census, Bureau of Labor Statistics, NRA calculations; subject to revision*

Consumer prices

	percent change vs. May year ago	percent change 1982-to-da[illegible]s. year ago	
Food at home	+4.5%	+3.8%	
Food away from home	5.4	5.8	
All items less food	7.1	7.8	

Source: *Bureau of Labor Statistics*

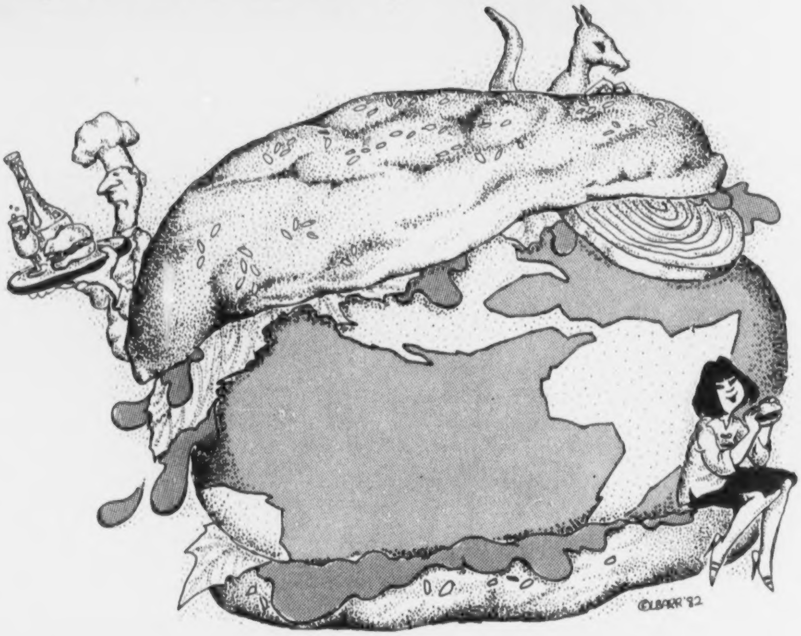
Employment and earnings

	April 1982	percent change vs. year ago
Total employment	4,825.9 employees	1.8%
Non-supervisory employment	4,443.3 employees	1.7
Non-supervisory average hourly earnings	$4.05 per hour	3.3
Average weekly hours	26.0 hours	0.8

Source: *Bureau of Labor Statistics*

International food trends

Fast food catching on in Europe, the Orient, Australia



The quick lunch or dinner is catching on all over the globe—but not always as we know it here. This special report shows how several countries have adapted the trend toward "fast food" eating to suit the tastes and temperaments of their people.

France's *haute cuisine* may be in trouble

1982 is a difficult year for ***haute cuisine*** *in France. In fact, the winds of change are blowing so rapidly they may bring an end to a great chapter in the history of French cooking and many of France's elegant restaurants. In this article freelance writer Roberta Sabban looks at recent trends in France's foodservice industry, trends she believes may soon make their way across the Atlantic.*

The first thing to hit the restaurant business in France this year was a 30 percent tax on business meals. Businessmen may no longer deduct meals as business expenses if their home office is in the same town as their residence. If a meal is declared, the 30 percent tax is levied. Some clever Frenchmen, in an effort to beat the system, send their restaurant receipts to cohorts in other cities and they, in turn, send their receipts. Although French businessmen have found a way around the tax, French restaurateurs have not. The day the tax went into effect, their business, already pinched, fell off even more.

Then came the mandatory 39-hour

work week, including consecutive days off, and five weeks of paid vacation. A worker's dream, right? Well, not exactly. What dedicated chef can work 39 hours a week and maintain quality? What waiter, captain or wine steward can make enough money working 39 hours at minimum wages in a half-empty restaurant?

A lot of people, who have dedicated their lives to *haute cuisine*, are seeing the work of a lifetime go down the drain.

Corporate dining rooms. . .

To pick up the slack, corporate dining rooms have begun to pop up like wild mushrooms. Management sees them as a good investment: Corporate dining rooms require a minimum of space and personnel, and they encourage executives to spend less time eating lunch.

There are other alternatives to the traditional French lunch or dinner. The Hippopotamus is a successful mini chain of restaurants in Paris. Each restaurant has live plants, canned popular music, and newspapers and magazines at the door for waiting customers to read and tables that measure about 30 inches in diameter, placed tightly together. The setting is neither quiet nor comfortable, but the French public is willing to put up with a bit of discomfort for a decent meal at a fair price. There are long lines to get a seat, and the tables turn four times per service.

The menu offers different cuts of grilled steaks priced between $6 and $10, served on a wooden plank. The price of the meal includes a huge mound of match stick french fries or a salad. The high profit items are the appetizers and desserts. French pastries no longer get top billing; instead most desserts are ice cream creations.

Although the older generations turn up their noses at McDonald's golden arches, French teenagers and students have embraced hamburgers and Big Mac's as well as other American fast food franchises. The main reason for the success of these chains has been that they are open at times when many restaurants are closed, to fit in with the irregular hours of students, so students can grab a bite between classes.

Sandwich chains with U.S. branches. . .

Another type of formula restaurant has recently opened up in areas where there is heavy foot traffic. It serves *brioche* and *croissant* sandwiches that are wholesome and filling and can be carried into the bus or metro. These sandwiches are good value for the money and are so popular that some of these chains have opened branches in the United States.

In another departure with tradition, the French are entertaining more frequently at home. A recent survey found that 72 percent of the French would rather have friends dine at their homes than eat out, and 36 percent said they intend to eat out less frequently in the future. Although on the one hand this is bad for the restaurant business, on the other hand it may not be. *Traiteurs* are a popular type of catering/carryout business found in almost every neighborhood. Some well-known chefs have opened their own businesses selling their creations to the public. On any given day, one can buy a whole decorated poached salmon, a boned leg of lamb and dessert for 20 without any advance notice.

These changes may be only the beginning of fast food inroads into the traditional French style of dining. Microwave ovens and commercial dishwashing machines are gaining wide commercial acceptance. Many chefs liked what they saw at food shows and bought this modern equipment for their own kitchens. How this equipment will affect French restaurants is still unclear. However wine stewards are already wringing their hands. The residue left on glasses by detergents in dishwashing machines can change the nose and taste of fine wines and quickly turn a vintage champagne flat.

Not in France alone. . .

The quick lunch or dinner is also catching on in other European countries. In Switzerland, for example, limited menu steak houses with western themes, checkered tablecloths, barn siding and canned American music are competing with the more traditional, spacious grills where businessmen linger over well-garnished meals.

Also popular are convenience stores featuring fresh fruit, chocolate bars, wines and mounds of sandwiches in plastic wrap. And for those in a super hurry, the old New York automat is alive, well and gleaming with everything from refrigerated dairy products to household items, such as soaps.

As the cost of living increases, Europe's food habits are changing. The quick lunch or dinner seems to have arrived on the continent to stay.

Fast Food: a hit in Hong Kong

by Frena Bloomfield

Few thought it could be done, yet over the past five years American food has turned Hong Kong on its head.

The older people were dubious. They would shake their heads and say, "We Chinese have eaten our kind of food for three thousand years and we shall keep it that way."

But they were wrong. Wrong by a million hamburgers a month. Wrong by half a million milkshakes and barrels of bagels and lox, and gallons of chocolate chip ice cream and Pepsi, Coke and Fanta. American food has made a big hit with Hong Kong's younger generation. They are as likely to down a Big Mac as a plateful of chow mein and perhaps more likely to drink a coke than Chinese tea.

New choices applauded. . .

Daniel Ng, a Ph.D. who opened the first McDonald's in Hong Kong five years ago, applauds the new choices.

Ng speaks from a vantage point of success. He is the biggest employer of part-time workers in Hong Kong (2,000 shift workers), and each month he imports 200,000 pounds of food from the United States. Half the order is potatoes; another quarter is meat. And he is still building new branches.

His experience is very different from that of Colonel Sanders' Kentucky Fried Chicken. The main reason given for its failure was that the Chinese know all about producing delicious chicken themselves and do not need the Colonel's secret recipe.

Locals copy success. . .

But it seems you can't keep Yankee ingenuity down, and now Hong Kong plays host not only to McDonald's but also to Burger King, the Pizza Hut and a growing chain of American-style pizza restaurants called The Spaghetti House. The locals have been quick to copy success and several Hong Kong food chains now produce hamburgers, french fries, milk-shakes and carbonated beverages. Pizza is available all over Hong Kong.

Hong Kong also has its share of local delis that serve Jewish-American food with a little Tex-Mex on the side. The first of these, Lindy's, opened 12 years ago amid many predictions that it would fail in a city noted for its excellent Chinese and European cuisine.

Lindy's, however, opened up in the tourist district of Tsim Sha Tsui, and it gave tourists far from home a little taste of New York City. It offered genuine bagels, lox, cream cheese, pastrami sandwiches and other 46th-Street specialities. It flourished, and soon a second branch was opened in Hong Kong's business district.

At first this restaurant was patronized mostly by American bankers and businessmen, but now it is packed, lunchtime and evening, with a mix of Chinese and foreigners, with the Chinese in the majority.

Sweets have never figured very high in Chinese cooking and perhaps that is exactly why the young in particular have gone overboard for ice cream. It makes a lot of sense in a climate that matches New York's in the summer. Many of the popular American ice cream brands like Drey's and Swensen's are on sale here; and rumor has it that Baskin-Robbins, with its scores of flavors, is on its way.

A Japanese Buddhist priest enjoys french fries while he rests on the stone stairs of a temple in Kamakura, an ancient center of Buddhist culture.

Fast food, Australian style

Contrary to common misconceptions, kangaroo meat is not an Australian staple (although the gamey, beefy dark meat is delicious when used in such dishes as kangaroo-tail soup and Bolognese sauce). To find out what Australians like to eat, NRA News *talked with Elise Pascoe, Australia's popular chef, food writer and teacher, when she represented her country at the International Food and Wine Expo this spring. Here is what she said about the Australian foodservice industry.*

Australia is poised between two culinary invasions: one that is now dominating the food scene and one that is just on its way.

Only 25 years ago, the Australian foodservice industry was tied to England's apron strings. Britain dictated food preferences and eating habits until Australia liberalized its immigration policy and throngs of foreigners came from far and near, bringing their national dishes with them.

Today moussaka, tortellini, spring rolls and curries have cornered the market once dominated by Beef Wellington and other Anglo-Saxon favorites.

At least once a week, the average Australian dines at suburban neighborhood storefronts that have been converted to ethnic eateries. Although Greek and Italian dishes are now the rage, it is the French cuisine that has been elevated to national acceptance. Australia's grand chefs have taken the fresh indigenous produce (which runs the gamut from apricots to rabbits) and prepared them along traditional French lines, adapting recipes and techniques to accommodate differences in the hemispheres.

Australian wines on way . . .

Along with a greater range of food choices and increased sophistication in the national cuisine, Australians—traditionally beer drinkers—have developed a fondness for Australian table wines, which they bring with them when they eat out. (Most Australian restaurants have a "bring your own" policy.) The reason for the switch, Pascoe believes, is that Australian wines are on par with the finest in the world. The Australian government is giving the wine industry a boost by keeping a lid on local taxes and helping develop an export program. The U.S. market is a major target.

At a time when Australia is embarking on an ambitious export program, it is on the verge of another culinary invasion. Fast food is making its way to Australia—but not as it is known in this country or in continental Europe.

According to Pascoe, American franchises—despite their financial backing—have only a small following in Australia because fast food, like foreign recipes, must be adapted to suit Australians.

Fast food, Australian style. . .

Pascoe believes that although Australians are ready for quick lunches and dinners, they still want to sit down to eat their meals and are not willing to give up the superior foods they have learned to love. She is so certain of this impression that this summer Pascoe is opening what she calls an "up-market" fast food restaurant in downtown Sydney which she hopes will capture the fancy of the business crowd at lunch and pre-theater diners in the evening. Her operation will feature "food you would be proud to serve at home" at moderate prices in a sophisticated setting. Pascoe expects the 180 seats will turn twice at each meal.

Pascoe's plan for success includes not only good food and a sophisticated marketing scheme (which targeted the location) but also an innovative work schedule. At a time when most foodservers work split shifts and weekends, Pascoe plans to lure some of Sydney's best chefs with her Monday through Friday straight shifts. To cover the hours of operation, Pascoe will stagger shifts.

What is Pascoe up against? The traditional family-owned and run operation which is a favorite with Australians. The most popular establishments are those where part of the clan is in the kitchen and the rest is upfront.

Pascoe is confident that her fast food idea will catch on and that she will open up branches in Melbourne and the posh resort town of Surfer's Paradise. This may be the beginning of a chain-store restaurant in a country where, till now, only the individually-owned operation has enjoyed popularity and support.

TECHNICAL SERVICES

You need properly conditioned water

All foodservice operators are familiar with scale buildup in dishwashers, hot water heaters and equipment such as steam tables and coffee urns. Scale restricts proper flow of water through spray nozzles and other parts causing your dishwasher to operate at less than top efficiency. A 1/16 inch scale buildup will cause hot water heaters to consume 20 percent more energy, thereby increasing cost of running the equipment.

Properly conditioned water will reduce scale buildup. It will also improve the efficiency and longevity of your equipment, conserve energy and enhance the foods and beverages prepared in your restaurant.

Water is never really pure. Rain, when it starts to fall, begins to gather dust, organisms, gases and minerals. When it begins its flow over and through the earth's crust, it picks up additional impurities. Small amounts of these impurities can cause problems for the restaurateur. The most common of these problems revolves around water hardness caused by traces of calcium and magnesium.

To classify water hardness, the U.S. government has established the following guidelines:

• less than one grain per gallon	soft
• one to 3.5 grains per gallon	moderately hard
• 3.5 to 7.0 grains per gallon	hard
• 7.0 to 10.5 grains per gallon	very hard
• 10.5 grains and over per gallon	extremely hard

The measure "grains per gallon" is the equivalent of 17.1 parts per million. Put another way, an aspirin is typically five grains; so if you have five grains of hardness in a gallon of water, you have that much calcium or magnesium dissolved in it.

To determine if the water in your restaurant requires treatment, you need to analyze the water. That is the only sure way to tell. Because conditions vary within a city, you shouldn't depend upon results from an analysis of a restaurant down the street or from one of your facilities in another part of town.

How to condition water . . .

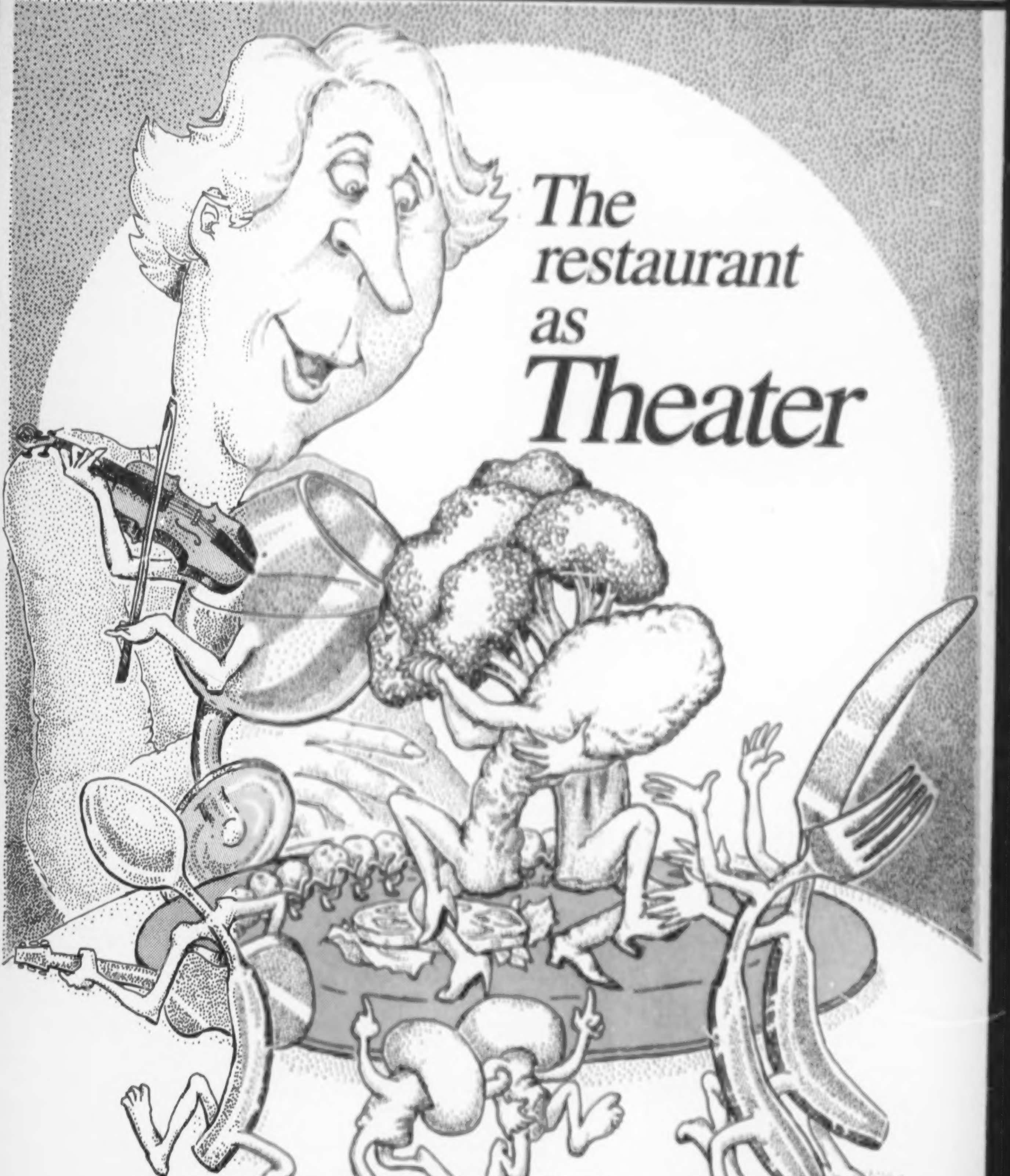
Softeners which remove minerals by ion exchange are the most widely used conditioners. Water—when flowing through a softener—exchanges calcium and magnesium ions for sodium ions. Sodium ions are not scale forming.

Other available treatments include

- **Reverse osmosis**—In osmosis, flowing liquid picks up solids. Reverse osmosis does just the opposite—the liquid flows from a state of high concentration of solids to one of low concentration of solids.
- **Deionization**—This process removes unwanted ions from water.
- **Filters**—Activated carbon filters are used to remove objectionable tastes and odors, such as excessive chlorine.

Deionization and reverse osmosis are both used to treat water for use in ice machines and beverages. Filters will also significantly improve beverage quality.

The restaurant as Theater



Styles in dining, like styles in fashion, change. People aren't eating what they used to. Gone is the predominance of the standard roast beef and mashed potato dinner. In its place has come a growing preference for chicken and ethnic foods and a new interest in soup and other once-dismissed side dishes.

Study after study demonstrates that the American diner has become more adventurous—not only in his choices of foods but also in his expectations of service. People are going out to eat, to be sure, but also to be entertained, to have an adventure, to try something new.

What do these changes mean for restaurateurs? They mean more imagination and novelty in the way foodservice operators should approach customers. They suggest a need for new ways of presenting and marketing meals and new ways to promote the dining out experience. Dinner, in the main, is no longer a prelude to a movie or an aftermath to a play. The restaurant has become the theater; dining out has become the show.

What people are eating. . .

Reports of what people like to eat and drink vary from study to study. In general, recent findings suggest that people are eating more ethnic foods, more chicken and more side dishes; and they are drinking much more wine. (For one example of food choices, see CREST results on page 24). What diners order at any given meal is influenced by any of a number of factors—cost-consciousness, the thrill of trying something different, nutritional value or a recently discovered favorite.

Any or all of these motivators can become effective marketing devices for you, the restaurateur.

Soup, for example, used to be dismissed as an appetizer. Now restaurants like Andersen's in Buellton, California, offer soup as a meal in itself—promoting its wholesome, hearty, cost-effective qualities—and they are making money at it. Andersen's sells two million bowls of soup a year at $2.75.

Wine, on the other hand, used to be the domain of the sophisticate until exposure and advertising revealed its versatile possibilities. Now wineries are offering more varieties than ever before and are introducing new light wines on the market. Restaurateurs have responded to increased wine consumption by offering a larger selection of fine wines—both by the bottle and by the glass.

How to take advantage of food trends. . .

"You have to make your restaurant stand apart from all the rest," urges Ron Plummer of the New York advertising agency Mandabach & Simms. If everyone else has a champagne brunch, why not feature an ethnic food festival, an all-the-sweets-you-can-eat brunch, a strawberry festival or a wine or beer tasting.

If, on the other hand, everybody else serves fettuccini Alfredo in a plain white sauce, add a mystery ingredient. That's what Sam Stelletello of the San Francisco Bar and Grill in Chicago did. He added fresh mushrooms and broccoli and then named the dish fettuccini Stelletello. By doing this, he not only kept the entree uniquely his own but also helped patrons remember what they ate where.

To get ideas for creative entrees, you can borrow what you see elsewhere, spin off ideas you read in the trade press or develop dishes based on free information and merchandise from your distributors.

Once you've developed several dishes uniquely your own, promote, promote, promote. If your menu includes the new popular pasta, Mexican, or soup dishes, you can advertise "pass de pasta" night, promote "Mexican matinees" to capture the luncheon crowd, or serve bowls of soup for two or more people and bill them as "group soups."

Promotions can be done on any day of the year. On Shakespeare's birthday, you can advertise, "Red wine or white wine, that is the question," and offer a taste test. On Mother's Day, you can offer a special dinner for mom for a dollar or two less than for other guests. During National Chocolate Week, you can offer a chocolate sweetheart dessert with two spoons.

You can create a festival around almost anything. The Geja Cafe in Chicago, for example, has held successful champagne and sherry festivals. The champagne festival featured 13 champagnes, served by the glass and by the bottle. The festival began with a Sunday seminar/tasting, conducted by the director of the Champagne News and Information Bureau.

However, you don't have to wait for a special idea to promote. Food promotions can be general—such as "rainy day" specials when the weather is bad, or "Tuesdays are 2's days," when you can sell two helpings of an entree, drink or dessert for the price of one.

Once you get the customer into your restaurant, food is your best advertisement.

- Use spotlights on all tables and food areas. This creates an intimate atmosphere, enhances the appeal of food and drinks and increases orders. According to one study, 95 percent of all restaurants that changed to table spot lighting increased drink sales by 100 percent.
- Experiment with unusual garnishes, and ask foodservers to come up with creative presentations. They'll be glad to and good at it. It will add some pizzazz into their routine.
- Describe everything on the menu, and make sure your foodservers have tasted everything. Nothing sounds worse than when a waiter says he isn't allowed to sample the food.
- Involve your customer at every opportunity. Whether it's setting up an ice cream crepe bar where customers can make their own dessert, or bringing a potato cart to the table so the customers can choose their own topping, don't forget that customers come to restaurants to be entertained. They'll love watching the dessert cart that lights up like a Christmas tree or looking at the label of the house wine.

Whatever you decide to do, don't forget dining out has become an adventure. The more ingenious you can make the experience, the more likely it will be remembered, discussed and sought after.

It's still possible to make inroads with chicken

Chicken continues to do well in today's market for three major reasons: its price, its versatility and its health advantages. According to CREST data published in this issue, chicken was the fastest growing entree in 1981—up 19 percent over 1980.

Joe Kennedy, proprietor of Chicken George—a rapidly growing family franchise in the Southeast, is just the man to tell you how to take advantage of chicken's popularity. Kennedy has produced a prize-winning product that has been ranked number one by newspapers and magazines in such markets as Washington, Baltimore and Philadelphia. Kennedy attributes the success of his chain to creative merchandising methods.

For example, two days before the basketball playoffs in Philadelphia, Chicken George gave away 6,500 dinners to salute the 76ers. This led to television and newspaper coverage and growing customer awareness. "Too often people do the same kind of activities as all the other companies. We try to do activities that are unique and different," explains Kennedy.

Other successful promotions included an evening of free entertainment at the Carter Barron Amphitheatre in Washington, DC, as well as the cosponsoring of a 10,000 meter race that was tied in with every sporting goods store in the nation's capital.

The lesson to be learned here is that tried-and-true products can be turned to a restaurateur's advantage if he or she remembers that even quality goods must be promoted.

Creative merchandising is the secret of Chicken George's success.

AT YOUR SERVICE

Answers to your questions about foodservice

*N*ext time you have a question about foodservice, the answer could come from NRA. Each day NRA's information service and library staff responds to some 35 requests for information. Here are several sample questions and answers to give you some idea of the range of materials the staff has at its fingertips.

Q. Is there a comprehensive listing of American colleges that have programs in hotel, restaurant and institutional management?

A. The NRA can provide two separate listings: one on senior college programs and one on junior college and community college programs.

Q. What is the average salary for a unit manager?

A. According to *NRA's Executive Compensation and Benefits in the Foodservice Industry Study*, the salary averages $17,800 but detailed information by type of operation, sales volume and other characteristics is available. The study, which can be obtained from NRA's educational materials center, also identifies salaries of personnel in the central office, at the unit level and at the regional level. Other information featured in the study includes data on annual bonus or incentive, annual profit sharing and total estimated cost of benefits.

Q. I would like to spark up my summer beverage menu. What suggestions do you have?

A. For those hot summer nights, you may want to consider adding cool, non-alcoholic beverages such as "starburst punch," which combines 1½ quarts chilled gingerale, 1½ quarts chilled apple juice, one pint fresh unhulled strawberries or raspberries and one cup seedless grapes.

Q. How can I attract new customers to my restaurant?

A. All-you-can-eat specials appear to be effective in attracting new customers, especially if advertising for such an offer emphasizes the high quality of food service.

Q. I am interested in starting a salad bar. Can you provide me with a listing of companies that have salad bar equipment?

A. The *NRA Exhibit Guide and Program for the 63rd Annual NRA Restaurant Hotel-Motel Show* includes alphabetical company listings as well as product listings for various foodservice items, including salad bar equipment.

If you'd like a copy of the brochure that describes NRA's information service and library, call (800) 424-5156.

STATE DEPARTMENT

Bob Michel briefs restaurateurs

"One of the exciting activities currently being pursued by the National Restaurant Association is its cosponsorship of legislative breakfasts with state restaurant associations," says Andrew Kelly, president of the Illinois Restaurant Association.

According to Kelly, these legislative breakfasts open lines of communication between foodservice operators and key legislative leaders. This contact, explains Kelly, will ultimately affect the success of getting industry views known to legislators.

One recent legislative breakfast held in Illinois was with Robert Michel, minority leader of the U.S. House of Representatives. What follows is a report of that meeting.

Thirteen-term Congressman Bob Michel (R-IL)—Republican Whip for six years and now Republican leader of the House of Representatives—took time out from his busy schedule in late June to speak to a group of restaurateurs in his hometown of Peoria, IL. During a breakfast meeting organized by the Illinois Restaurant Association and NRA, Michel met with about 40 foodservice operators.

In private life, Michel is vice president of Towne House Inn, Inc., a motel-restaurant complex in Morton, IL. Michel said that after he was elected to Congress he decided to get involved in the restaurant business "because I thought it was an industry that Congress would have very little to do with, and so I couldn't be accused of acting in my own interest on a vote that might affect the industry. But lo and behold, several years after I got in the business, minimum wage and tip credit issues came up; and since then it's been just one thing after another.

"What it demonstrates," Michel said, "is that there's not a day that goes by that you aren't affected by what's happening in Washington. You just can't escape it."

At the meeting with restaurateurs, Michel was introduced by former Illinois Governor William Stratton—also a restaurateur. The congressman briefly reviewed those issues in Washington most pressing to restaurateurs and then opened the floor for questions. Below are some of Michel's insights on the issues.

On the importance of grassroots lobbying: "Our effectiveness when I was Whip came from working with the private sector to bring pressure to bear upon individual congressmen. That's really the best way to do it. It's the people back home who make the difference."

On H.R. 6103, a bill that would expand wage and hour law enforcement: "Though the legislation has been reported out of the Education and Labor Committee, I'm not altogether sure it will be scheduled anytime soon for House consideration. I'm inclined to think that some of the provisions in the bill would either be amended on the floor or, if passed, would be severe enough to cause the Senate to turn thumbs down on it." (See separate story on H.R. 6103 in *Washington Report*.)

On proposed beef grading changes: "There are those who would like to change the grading system. I personally do not support what some of the proposals would do, and I don't think most restaurateurs do either. In other words, I still think there ought to be differentiation between 'Prime', 'Choice', 'Good' and the rest."

On illegal aliens: "I suspect that although this is a hot item, in an election year those congressmen from the west and south will be very reluctant to do too much to restrict or make demands upon illegal aliens. I personally feel that the problem has become so profound that we either have to move toward a penalty for those who employ people without proper identification or to some other mechanism to impose restrictions."

On increasing federal taxes on cigarettes, alcohol, beer and wine: "I spoke to the President about this when he first considered it back in January. I said, 'Mr. President, times are bad, and the average working man is really feeling it. Be very careful about an excise tax on beer or cigarettes or on the kinds of things that a fella gets a little enjoyment from when he puts his feet up on the old hassock after work.'"

On energy tax credits for commercial businesses: "I don't think there will be much that's new in this area. I think the thing we have to guard against is a tax on imported oil to raise new revenue. I hope that's on the back burner; I think it is in the House."

On urban enterprise zones: "This is a program geared for the long haul. It's going to take time to develop, and it is certainly not anything that will spark us out of the immediate recession."

On interest rates: "Of the available pool of capital out there for borrowing, the federal government is now in it over 50 percent. Until we get that figure down to a third, or preferably 20 to 25 percent, you won't see any appreciable changes."

Ohio syrup tax update

As *NRA News* reported in this column last month, the Ohio State Restaurant Association was successful in getting the Ohio soft drink syrup tax to end December 31, 1982. The repeal of the tax is estimated to save restaurateurs a minimum of $30 million over the next year.

A decisive factor in the syrup tax repeal was the realization by the state budget director that the syrup tax had not raised as much money as had been anticipated because soft drinks are not a popular menu item in the winter. Ohio had collected only $10 million instead of the expected $35 million.

The repeal comes six months earlier than the June, 1983 date OSRA had hoped for when it drafted its bill.

SHOWTIME

NRA Show update

A behind-the-scenes look at raffle winner

When Bob Kramer went to Chicago for the 1982 NRA Show this past May, he had no idea he'd soon be taking the restaurateur's dream trip! As the winner of the Taste the USA Raffle, Kramer will be visiting the restaurant capitals of the USA—New York, New Orleans, Boston, Chicago and San Francisco—with accommodations and airfare provided by Hyatt Hotels and TWA.

NRA News wanted to find out more about Kramer and learned that he has been working in the restaurant business since the eighth grade. Now, after those early years of "flour up the nose, dishpan hands, managing other people's operations and attending a million and one seminars," he and his brother are enjoying tremendous success with Two Nice Guys in Kirkwood, Missouri.

Two Nice Guys is a family-owned operation specializing in pizza—a natural choice for two brothers who made their start working in local pizza parlors. There are two levels. The level that caters to the younger crowd features video games, counter service and carryout. Upstairs, Norman Rockwell prints and lots of brass create a casual and relaxed dining atmosphere. For those pleasant spring and summer days, drinks are served in an outdoor canopy bar.

Bob Kramer

Kramer believes that the most important factor in the success of Two Nice Guys is the continuous commitment to the words etched on the front door, "home of old fashioned quality." No preservatives are ever used, pizza dough is made from scratch and about fifty to sixty gallons of fresh meat sauce is made each week.

When *NRA News* asked Kramer about his future plans, the answer was an obvious one for a restaurateur: He is planning to invest in another restaurant at the end of the year.

Chef steps in at last minute and gets medal

Douglas W. Oaks, executive chef of Litton Microwave Cooking Products, was at the right place at the right time during the NRA Show. He happened to walk by the "first ever" hot food competition on Wednesday after it had already begun and was asked to take the place of a missing chef. He agreed—with the stipulation that he could use his Litton Model 8042 microwave oven.

The microwave oven was the primary cooker for his entree of turban of salmon divan stuffed with broccoli and crabmeat and served with a Bearnaise sauce. It also was the backup oven for his other two dishes—veal sweetbreads Florentine with Madeira wine sauce and a frozen Grand Marnier souffle. The three entries were of high enough quality to earn him a silver medal—one of 11 presented at the Show. In addition, there were four gold medal winners in the hot food competition and six bronze medalists.

Race nets $12,000 for cancer society

THE MAIN COURSE

"The main course" 10K race, which kicked off the 63rd annual NRA Show, was a runaway success for the American Cancer Society. Larry Hilaire, chairman of NRA's pension committee, presents a $12,000 check to American Cancer Society Chairman Joe Hannon on behalf of the 2,000 runners who ran the main course race.

NRA SEMINAR SCHEDULE

Food and Beverage Operations Auditing

Sept. 22	Houston, TX
Sept. 23	Phoeniz, AZ

Bar Management

Aug. 23-25	Denver, CO

Computers

Sept. 13	Denver, CO
Sept. 14	Los Angeles, CA

Controlling Beverage Costs

Aug. 2	St. Louis, MO
Aug. 17	Portsmouth, NH
Aug. 23	Detroit, MI
Sept. 13	Omaha, NE
Sept. 21	San Antonio, TX
Sept. 23	Dallas, TX

Controlling Food Costs

Aug. 2	Pittsburgh, PA
Aug. 16	Oklahoma City, OK
Aug. 17	Dallas, TX

Controlling Labor Costs

Aug. 10	Atlanta, GA
Sept. 16	Montgomery, AL

Dining Room Management

Aug. 11	San Francisco, CA
Aug. 12	San Diego, CA
Aug. 24	Washington, DC
Sept. 7	Chicago, IL
Sept. 13	Atlanta, GA
Sept. 22	Philadelphia, PA
Sept. 28	New York, NY

Hiring Hourly Employees

Aug. 16	Rochester, NY
Sept. 7	Charlotte, NC
Sept. 10	Tampa, FL
Sept. 28	Cleveland, OH

Improving Food Production Methods

Aug. 10	Oakland, CA
Aug. 12	Seattle, WA
Aug. 17	Baltimore, MD
Aug. 19	Boston, MA
Sept. 16	New Orleans, LA

Kitchen Management

Aug. 9	Los Angeles, CA
Aug. 11	Sacramento, CA
Aug. 16	Honolulu, HI
Sept. 1	Milwaukee, WI
Sept. 7	Kansas City, MO
Sept. 20	Seattle, WA
Sept. 22	San Francisco, CA
Sept. 28	Sarasota, FL

Menu Development

Sept. 14	Atlanta, GA

Off–Premise Catering

Aug. 30-31	Baltimore, MD
Sept. 15-16	Detroit, MI

Operational Analysis

Aug. 9-10	Reno, NV

Performance Review

Aug. 17	Rochester, NY
Sept. 29	Cleveland, OH

Practical Meat Workshop

Aug. 26	Houston, TX
Aug. 30	Chicago, IL

National Conference on Promotion

Sept. 13-15	New York, NY

Restaurant Design and Facilities Planning

Aug. 18-19	Seattle, WA
Aug. 31-Sept. 1	West Palm Beach, FL

Practical Foodservice Sanitation

Sept. 30	Pensacola, FL

Simplified Baking Workshop

Aug. 25	Columbus, OH
Aug. 26	Pittsburgh, PA

Soups and Sauces

Sept. 8	Indianapolis, IN
Sept. 9	Detroit, MI
Sept. 15	Los Angeles, CA

Super Salads

Sept. 21	Washington, DC

California Wine Workshop

Sept. 25-29	Napa Valley, CA

For more information, contact NRA's seminar department, 311 First St., NW, Washington, DC 20001; call (202) 638-6100 or (800) 424-5156.

ANNOUNCING:

NRA's National Conference on Promotion
A two and one-half day forum for the foodservice industry

September 13-15 at
The Harley Hotel in
New York City

Build your business with

PROMOTIONS '82

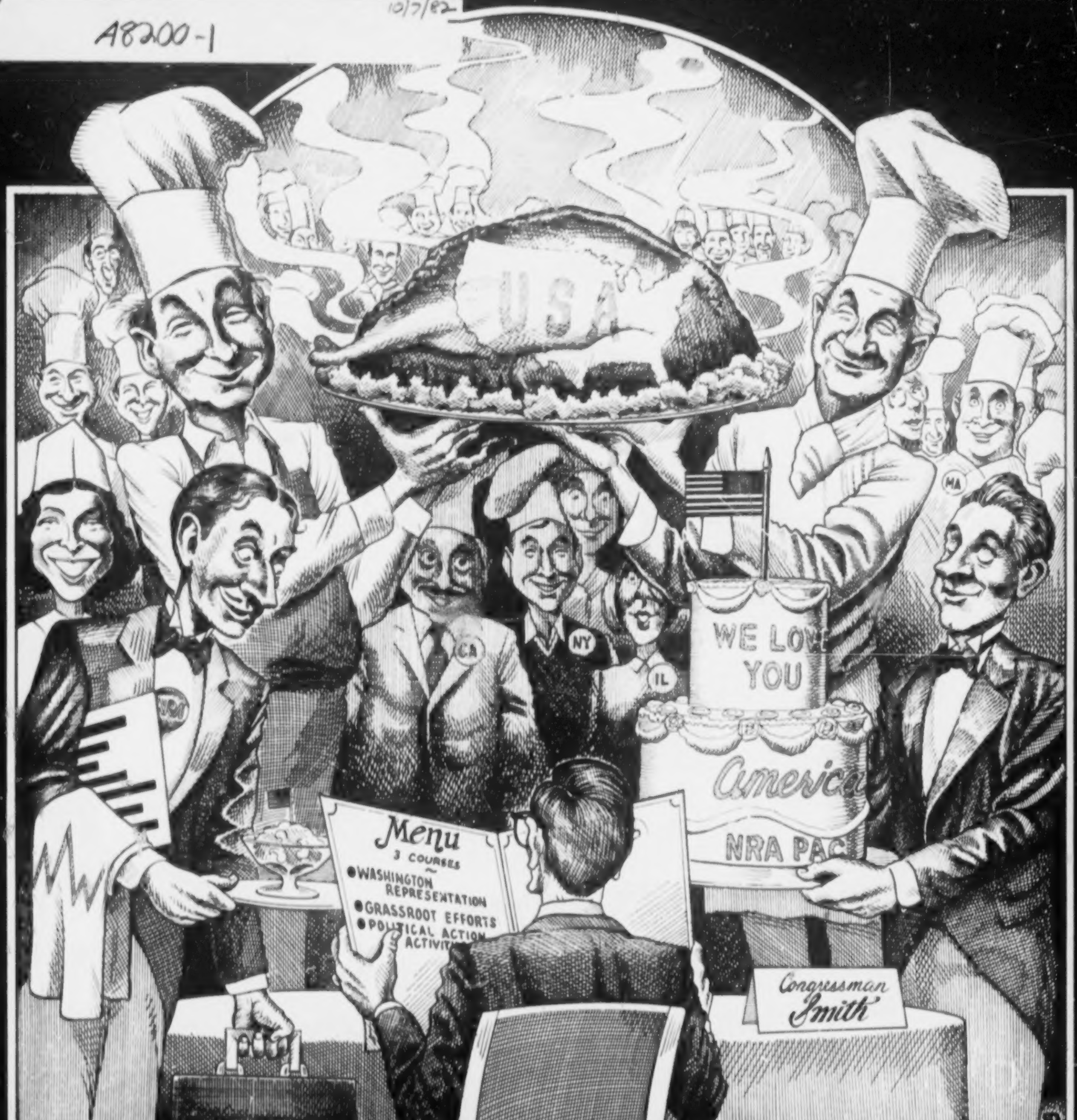
WN 08/06 MEMBER#81L004WF
STATISTICAL REFERENCE IND
CONGRESSIONAL INFO SERVICE
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

BEST AVAILABLE COPY

National Restaurant Association Vol. 2 □ No. 8 □ September 1982

NRA NEWS

-1 A8200-1 10/7/82


USA
CA
NY
IL
MA
NRA
WE LOVE YOU
America
NRA PAC
Menu
3 COURSES
WASHINGTON REPRESENTATION
GRASSROOT EFFORTS
POLITICAL ACTION ACTIVITIES
Congressman Smith

Successful government relations menu: Serving Congress a three-course meal

NRA's government relations program is like a three-legged stool

It pays to help yourself. This year our industry was threatened with a curb on imported beef, reduction of business meal deductibility and higher price supports for agricultural commodities. And we escaped these threats because we made our voice heard in Washington.

That is, *you* made *your* voice heard in Washington through NRA.

NRA's government relations program is like a three-legged stool. Bob Neville and his Washington staff are one leg. Their direct contact with legislators and regulators is essential to the protection of our interests.

The second leg is NRA-PAC—our Political Action Committee. The PAC raises funds to contribute to the campaigns of candidates who are interested in the problems and priorities of our industry.

But the PAC and staff in Washington aren't enough. Your representatives listen first and foremost to you—their constituents. That is why it is so important that you tell your legislators when bills or regulations threaten to hurt your business. NRA's grassroots program is the most important aspect of our government relations program.

In the past, you have responded to NRA action calls. You have telephoned, telegraphed and written your congressmen when NRA warned you of dangerous legislation. At times your response has been phenomenal and has literally changed the shape of national legislation.

It is important that every NRA member actively protect his or her own interests. The association does not act for us. We must act for ourselves through the association.

John F. Cauley, Jr.

John F. Cauley, Jr.
Chairman, Government Relations Committee

NRA NEWS

Officers
Chairman of the Board and President
John G. Dankos
Vice President
Joe R. Lee
Treasurer
Harris O. Machus
Executive Vice President
Robert Neville
Corporate Secretary
Ruth K. Tracy

Chairman
Communications Committee
Michael J. Grisanti
Executive Committee
Ted Balestreri
John F. Cauley
Robert T. Clift
James A. Collins
Walter Conti
Stanton D. Elliott
Thad A. Eure
Ralph B. Evans
G. "Jim" Hasslocher
Larry Hilaire
Michael E. Hurst
William Ray Lackey
Jack A. Laughery
Michael O'Neal
John L. Rian
Ernest H. Royal
Harris H. Rusitzky

Senior Director
Jeffrey R. Prince
Executive Editor
Steven J. Dahllof
Editor
Sylvia Rivchun
Communications Specialists
Carol A. Caprione
Elyse G. Cuttler
Government Relations Coordinator
Jay Morris
Research Analyst & Senior Writer, Foodservice Trends
Rachel A. Zachary
Staff Contributors
Walter Ashcraft
Joan E. Campbell
Tom C. Corcoran
Dorothy Dee
Clyde L. Griffith
Kathy Groiss
Elizabeth E. Hendrix
Bette B. Hoyt
David Joyner
Susan F. Mills
Robert A. Palmer
Andrew P. Poledor
James T. Rogers
Editorial Typist
Kerrie Gonnella

Editorial offices
and NRA headquarters
311 First Street, N.W.
Washington, DC 20001
(202) 638-6100

Chicago offices
One IBM Plaza, Suite 2600
Chicago, IL 60611
(12) 787-2525

NRA News (ISSN 0465-7004) is published monthly by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one-year subscription to *NRA News*. The non-member subscription fee is $125 per year. Second-class postage paid at Chicago, IL 60607 and additional mailing offices.

Copyright © NRA 1982. All rights reserved.

Postmaster, send address change to NRA News, 311 First St., N.W., Washington, DC 20001.

CONTENTS

Cover Story

9 There's no doubt about it. What government does affects the foodservice industry. The recent issues of beef grading and the business meal deduction are just two examples of why it is important that restaurateurs make themselves heard in the halls of government at the federal, state and local levels. To highlight the **importance of political involvement,** NRA NEWS this month takes a special look at NRA's government relations activities.

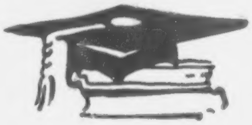
5 Regulatory reform in review *(Washington Report).*

12 This fall all congressional representatives and 33 members of the Senate face elections, and there are additional races at the state and local level. Among the candidates are 12 restaurateurs who are profiled in the article, **"Restaurateurs running for public office."**

Specials

Education

18 September is traditionally back-to-school month. With this in mind, NRA NEWS talked with **graduates of foodservice training programs** to find out why they choose a career in foodservice and how their training relates to their work.



26 This month NRA NEWS inaugurates a **human resources column** called "The Human Side," with stories on several educational ventures in which NRA participates.

28 Not surprisingly, education is one of the most popular subjects for information requests to NRA's information services and library. For a sample of some of the questions, turn to "At Your Service."

Cafeterias

15 **Cafeterias** are **the sleeping giants** of the foodservice industry, but they needn't be. For reasons why, turn to page 15. The article includes a special look at the House of Representative's foodservice system.

Money Series

21 **Property insurance** is the topic of part 3 of NRA NEWS' special series on financial topics.

Departments

Short Orders **2** Child labor laws and benefit plans are topics of two new NRA publications

Washington Report **4** A look at the charge tip reporting measure

The Law **7** Labor Department proposes changes in teen work rules

The Board Room **8** NRA President Dankos forecasts continued industry growth

On the House **24** With this issue, NRA NEWS inaugurates a column that will focus on **member activities.** This month the topic is bread and how it is handled in various restaurants. Recipes are included.

Foodservice Trends **29** How consumers make the decision to eat out and how restaurant patrons rate food quality and service are two of the articles featured this month

Half Baked **40** Find out about the cookie caper and the "worst" food in Oregon

Next Month:

- A look at wine consumption trends
- Industry victory: USDA withdraws proposed beef grading changes

Standard for hot chocolate dispensers

The first standard for foodservice equipment—one for hot chocolate dispensers—is ready for publication. It has been approved by the prestigious standard setting group, the American Society for Testing and Materials.

When published, the document can be used by restaurateurs to order dispensers that meet the requirements set forth in the standard.

The ASTM standard is the result of the efforts of more than 100 representatives of NRA member companies, food equipment manufacturers and representatives of government agencies.

Roland Duning, director of equipment research and development for Wendy's International, Inc. and chairman of the committee on storage and dispensing equipment, led the effort to write the document. The document contains a variety of design and construction requirements—including materials, workmanship, finish, inspection, testing and performance requirements.

For further information, contact Andy Poledor, director of technical services, at NRA's Chicago office, (312) 787-2525.

SHORT ORDERS

Upcoming NRA technical meetings

- NRA's safety officers will meet in Chicago, IL, October 21, 1982. Scheduled during the week of the National Safety Congress, the day-long program is being developed as a working session without formal presentations. The primary objective of the meeting will be to examine the feasibility of a cooperative loss information system. Roxie Pickett, safety and health manager for Saga Corporation, is serving as chairperson.
- NRA's group of multi-unit architects, engineers and construction officers (MAECO) will meet in Knoxville, TN, on October 20, 21 and 22, 1982. Those attending will have an opportunity to visit the Knoxville World's Fair, whose theme is energy. Current co-chairmen of MAECO are Bryce Norwood, director of design & engineering for Friendly Ice Cream Corp. and Forest "Bing" Ewen, director of architecture for Jerrico, Inc.
- NRA's quality assurance officers will meet in New Orleans, LA, on October 27, 28 and 29, 1982. Current co-chairwomen are Maryknoll Benner, director of quality assurance for Taco Bell, and Cheryl Matthew, national director of food and beverage for General Foods Corp., Canada.

For more meeting and hotel information, contact Andy Poledor at NRA's Chicago office, (312) 787-2525.

NRA member wine lists honored

The Wine Spectator, a consumer newspaper devoted to wine, will hold its 1982 California Wine Experience in San Francisco, CA, on Oct. 9-11, 1982. This event will feature tastings of more than 100 of California's finest wineries, a roundtable that will focus on wine buying strategies and a Grand Award Banquet that will honor the top 12 restaurant wine lists in the country. Among the 1982 winners are six NRA members: Anthony's Pier 4 in Boston, MA; The Beverly Wilshire Hotel in Beverly Hills, CA; Lutece in New York, NY; Ritz Carlton Hotel in Chicago, IL; Rossellini's Other Place in Seattle, WA and The Sardine Factory in Monterey, CA.

For more information on the program, contact *The Wine Spectator*, Opera Plaza, 601 Van Ness Ave., San Francisco, CA 94102, (415) 673-2040. Also look for next month's issue of **NRA News** which will feature wine articles. Topics will range from merchandising tips to a discussion of regional grape production.

New NRA booklet compares child labor laws state by state

The intricacies of federal child labor laws become even more complicated when you consider variations in each of the 50 states. States can and do amend the federal provisions in everything from minimum age of employment to the maximum number of hours a child can work.

Foodservice operators can get an update on these state variations as well as a current review of federal laws in NRA's revised booklet *Federal and State Child Labor Laws*. NRA members will receive a copy of this booklet in the mail as soon as it is off the press this fall. For information on current child labor law legislation turn to "The Law" in this issue.

New survey of benefit plans

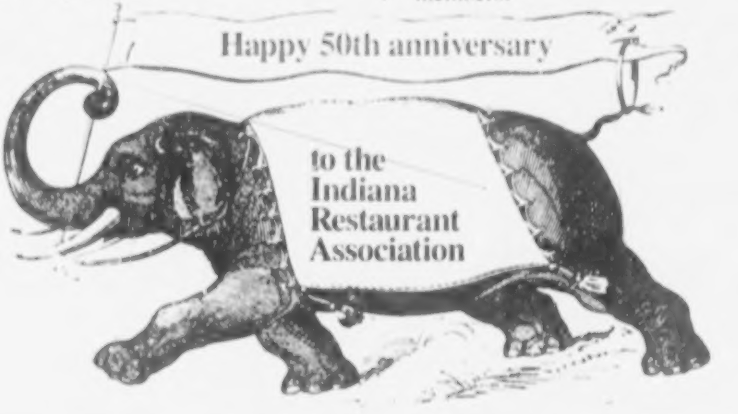
Restaurateurs agree that personnel and human resource problems are among the most difficult problems they face. A competitive, well thought out benefits package can be an important selling point when you seek new employees. It can also help you retain valued workers.

Recognizing the part that benefits play in personnel management, NRA conducted a survey among restaurant chains earlier this year to examine benefits for hourly employees. The survey covered 16 different benefits from meals and uniforms to health plans, life insurance, educational assistance and pensions.

Survey results reveal

- meals, uniforms and paid vacations are the most frequently provided benefits.
- the majority of respondents provide a basic, surgical and major medical plan.
- four out of 10 companies provide a dental plan.
- eight out of 10 companies provide group life insurance, which varies in coverage from $2,000 to more than $6,000.

For further details about benefit plans, consult *A Foodservice Operator's Guide to Benefit Plans for Hourly Wage Employees* (CS 205). It is available from NRA's Education Materials Center. The cost is $12.50 for members and $25.00 for nonmembers.



WORLD FOOD DAY
October 16, 1982

A way to add *your* caring and *your* action to ending hunger:

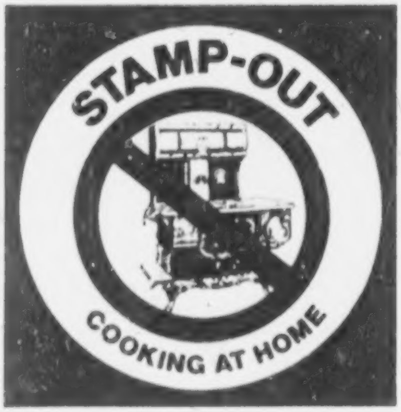
Join with others in your community to identify and act on local food and hunger problems.

Join with 260 private voluntary organizations in mobilizing a national and world campaign to fight hunger.

Join with people in 150 countries in showing your commitment to a more humane and just world.

For more information contact:

National Committee for World Food Day
1776 F Street, N.W., Washington, DC 20437
202-376-2306



Stamp-Out-Cooking-at-Home buttons sell like hotcakes—more ordered

What started out as a thank you has been a runaway promotional success. NRA has sold 5,000 Stamp-Out-Cooking-at-Home buttons. Their unexpected popularity has sent NRA back to production and there are now more buttons available.

Each NRA member was originally given a button as an incentive to complete the recent NRA membership survey. "Members started calling to buy the buttons," explained NRA Research Director Susan Mills. "We were surprised, but pleased with the response," she added.

Walter Conti, immediate past NRA president and owner of Conti Cross Keys Inn, ordered 1,500 and gave them to his customers. "They are a fun way of telling our customers that we appreciate their business," Conti stated. Conti's staff also wear the buttons.

Other restaurants give them to women only and some sell them at the registers.

To order, contact NRA's Research Department. Order in sets of 50 for $25; 100 to 1,000 for $40 per 100 and for 1,000 or more they are $36 per 100. There is a $2.00 handling fee and postage will be added. Please allow three weeks for delivery. Order now, the supply is limited: NRA Research Department, 311 First St., N.W., Washington, DC 20001, (202) 638-6100 or (800) 424-5156.

WASHINGTON REPORT

Business meal deduction saved

After weeks of negotiating, NRA prevailed upon a House-Senate conference committee to eliminate a provision to halve the business meal deduction from the $98.3 billion tax bill passed by Congress on Aug. 19. In its place, a far less damaging tip reporting measure has been substituted.

"Reduction of business meal deductibility would have caused countless bankruptcies and put thousands of employees out of work," said NRA President John G. Dankos.

The provision would have reduced the deductibility of local business meals by 50 percent. This change would have cost the restaurant industry $1.7 to 2.9 billion in sales and resulted in a loss of about 100,000 jobs.

"The business meal provision would have had disastrous results for the industry. Although tip reporting is burdensome, it is the far less harmful of the two proposals," said Dankos.

"Congress was concerned only with raising a specific amount of revenue from the foodservice industry. We had to accept one of the provisions and settled for the least onerous," he added.

The elimination of the business meal provision was accomplished at an all-night session of the House and Senate Conference Committee. During the session, NRA Executive Vice President Robert Neville negotiated with members and staff of the conference committee on Capitol Hill along with representatives from the American Hotel and Motel Association and Hotel Employees and Restaurant Employees International Union (AFL-CIO). Agreement was reached at 3 a.m. on Aug. 14.

"After the conferees agreed to substitute a tip reporting provision, the problem was to come up with the least burdensome law," said Dankos. "We won a three-month deferment before allocation begins and annual reporting instead of reporting by pay period. We also convinced the committee, if we must allocate tips, the government must design the procedure and not leave the total burden on the employer," Dankos said.

If the tax bill becomes law, the tip reporting provision would require:

1) All foodservice and beverage establishments with more than 10 employees, where tipping is customary, to file a report with the IRS for the first quarter of 1983, showing:

- a. gross food and beverage sales (excluding carryout and sales with mandatory service charge of 10 percent or more)
- b. aggregate tip income reported by employees
- c. aggregate food and beverage sales on major credit cards and
- d. aggregate tips shown on credit card receipts.

2) Where aggregate tip income is less than eight percent of food and beverage sales, the employer's report will include a list of all tipped employees, their wages and the tip income they reported. Employees would be told that their returns would be subject to audit if the eight percent safe harbor is not satisfied.

3) If the eight percent safe harbor for tip reporting is not met after April 1, 1983, employers will be required to report each employee's allocable share of tip income of an amount equal to eight percent of gross sales. This report will be required for each calendar year. The first report, to include the last three quarters of 1983, will be due in January of 1984. The allocation of tips will be based upon:

- a. either a method agreed upon between the employer and the employees or, in the absence of such an agreement, in accordance with a mandatory allocation formula prescribed by Treasury regulation
- b. tip income so allocated will be reported by the employers to the employee and the IRS either on an information statement or on the Form W-2 as the employer chooses
- c. the allocation will have no effect on FICA or income tax withholding responsibilities of the employer or his FUTA obligations. It is purely an information report to the IRS. The employer is held harmless reporting any dispute with any employee over allocation of tip income

4) Where average tipping practice produces less than eight percent of gross sales in tip income, the secretary is directed to establish an appeal procedure and is authorized to reduce the safe harbor percentage down to five percent.

"The proposal is complex," Dankos said. "We fought for a three-month grace period so that we will have time to educate employees about tip reporting. NRA will prepare materials for members to use in explaining the situation to their people."

Targeted Jobs Tax Credit extended

Tucked into the $98.3 billion tax package approved by Congress on Aug. 19 is a provision to extend the Targeted Jobs Tax Credit (TJTC) for two years. The TJTC, used extensively by foodservice operators, would have expired at the end of this year if Congress hadn't acted to extend it through Dec. 31, 1984.

One of the biggest changes made to TJTC in the tax bill is the creation of a new targeted group: economically disadvantaged youth seeking summer jobs. Employers who hire economically disadvantaged youth between the ages of 16 and 18 could take a tax credit for a 90-day period between May 1 and Sept. 15. The credit would be 85 percent of the employee's first

$3,000 paid during the 90-day period. Such youth hired for the summer could not have worked for the employer previously. Employers could take the credit on summer hires beginning May 1, 1983.

Congress also approved a change that would allow same-day certification of employees for the credit. Currently, employers cannot take a credit for an employee unless he has been certified by a designated local agency *before* he begins work.

Involuntarily terminated CETA employees, one of nine targeted groups in the current law, would no longer be eligible for the credit, effective Jan. 1, 1983. Another targeted group, cooperative education students that are economically disadvantaged, remains unchanged. Original Senate language would have dropped the economically disadvantaged requirement, but it was retained by the House-Senate conference committee.

Changes in the TJTC are effective Jan. 1, 1983.

Immigration bill passes Senate

A comprehensive bill that would make sweeping changes in the nation's immigration laws, including stiff penalties for employers who hire illegal aliens, was approved by the Senate last month.

Under the Immigration Reform and Control Act of 1982 (S. 2222), an employer who knowingly hires an illegal alien would be faced with an escalating set of penalties, phased in over a three-year period. Employers would also be required

- to demand identification from every job applicant
- to determine whether the identification presented appears to be valid
- to sign a form stating they have verified the applicant's eligibility to be employed with a counter-signature from the applicant, attesting that he is legally employable
- to keep these records for at least five years. Failure to follow this procedure and maintain proper records would result in a $500 civil penalty for each individual hired.

The bill still must be considered by the House of Representatives, where a similar version now faces markup in the Judiciary Committee. NRA is working with other business groups in an effort to have the identification requirements and employer sanctions deleted from the bill.

Regulatory reform in review

No longer a casual buzzword, regulatory reform has become an established fact in Washington, thanks to legislative and presidential initiatives that have laid the groundwork for orderly reevaluation of the federal regulatory machinery.

Already, restaurateurs have seen some major changes in areas that affect the foodservice industry. These accomplishments include elimination of the emergency building temperature restrictions, postponement of a rule that would have raised the Department of Labor's (DOL's) salary test for managerial personnel and exemption from "wash 'n' wear" uniform maintenance requirements.

Roots in the 1970s. . .

Regulatory reform received serious attention on Capitol Hill in the late 1970s due to the growing awareness that American businesses were being regulated into the ground. The often-quoted 1979 Arthur Anderson study for the Business Roundtable, for example, concluded that federal agencies send out more than 10,000 different forms every year, that business spends an estimated $20 billion completing them and that the annual cost of all regulatory activities to consumers tops $100 billion. Businessmen also noted with chagrin that expenditures for the major federal regulatory agencies quadrupled in the 1970s and that the number of pages in the *Code of Federal Regulations* increased by nearly two-thirds.

The 96th Congress took some important steps in 1980 to cut back federal bureaucracy. Three major pieces of regulatory reform legislation were enacted by Congress that year.

Regulatory Flexibility Act: Enacted on Sept. 19, 1980, the act requires federal rulemakers to consider the impact of proposed regulations on individuals, small businesses, organizations and towns. The act encompasses the principle that regulations should accommodate the size and resources of the institutions they regulate.

The act requires regulatory agencies to prepare an assessment of a proposed rule's economic and paperwork impact, including a description of alternatives that would minimize any adverse economic effects. The act also establishes a procedure for reviewing all major regulations at least once every 10 years.

While many viewed passage of the Regulatory Flexibility Act as a band-aid on an economic cancer, it has proven to be a stable foundation for subsequent efforts to reform the regulatory process. President Reagan's executive order for streamlining the bureaucracy borrows heavily from its provisions.

Paperwork Reduction Act: One of the most significant pieces of regulatory legislation passed by Congress to date, the act was signed into law on Dec. 11, 1980. The new law requires that federal agencies reduce lengthy and redundant federal reporting requirements, which, according to the Federal Paperwork Commission, were believed to impose a hidden tax averaging $500 for every American.

The bill attacked the burgeoning paperwork problem by creating a central office of information and regulatory affairs within the Office of Management and Budget (OMB) with the authority to review all requests for information from the public made by government agencies. The director of OMB now has the responsibility to make sure that any requested information is needed, that it is not available elsewhere and that it is collected in an efficient manner. The goal of the legislation is to reduce the public paperwork burden by 25 percent over a three-year period—by Oct. 1, 1983.

Equal Access to Justice Act. Enacted on Oct. 21, 1980, the act allows small businesses to recover attorney fees in cases where they prevail against a federal agency, provided the government cannot prove it was "substantially justified" in bringing or defending the particular action. Prior to the law's passage, parties to any legal action were responsible for their own attorney fees. This had the unfortunate effect of precluding small businessmen from fighting unfair agency rulings because of prohibitive legal costs.

A conservative in the White House. . .

Declaring regulatory reform to be one of the cornerstones of his policy for economic reform, President Reagan moved quickly in the first weeks of his new administration to abolish the Council on Wage and Price Stability (COWPS); deregulate the price of oil; and, of particular concern to restaurateurs, eliminate the unpopular emergency building temperature restrictions.

In one of his first executive actions, Reagan put a stop to the more than 100 "midnight" regulations promulgated during the last days of the Carter Administration. Sixty-three of these regulations were found to need modification or elimination. Among the frozen regulations was a Department of Labor (DOL) salary test change, calling for a 45 percent increase in minimum salary for executive and administrative employees exempt from federal overtime requirements. This ruling would have affected many restaurant employers. Efforts by NRA and the state restaurant associations were influential in persuading the new administration to stay the costly salary-test increase.

Later, the President signed a new executive order to streamline the regulatory process and established his Task Force on Regulatory Relief, chaired by Vice President Bush. The administration was also quick to make use of the Paperwork Reduction Act, which requires OMB to reduce the federal government's paperwork burden by 25 percent by Oct. 1, 1983.

Executive Order 12291: In February of last year, President Reagan signed Executive Order 12291, designed to produce better regulations. The order directs agencies to determine the most cost-effective approach for meeting any regulatory objective, requires that agencies prepare regulatory impact analyses (RIAs) to evaluate the potential benefits and costs of their major regulatory proposals and establishes the pre-eminence of the President's Task Force on Regulatory Relief in spearheading the administration's regulatory relief efforts.

Although many of the order's directives simply reiterate current law or executive procedures, one major aspect of the order—the requirement that RIAs and rules be cleared with OMB—covers new ground. The coordination and review of all regulatory activities by a strong, centralized clearinghouse represent a basic change in regulatory decision-making. OMB oversight of agency rulemaking has the potential—for the first time—of providing the government an overall view of the federal rulemaking process.

On Jan. 29, 1981, the President created the cabinet-level Task Force on Regulatory Relief, chaired by Vice President Bush. The task force reviews proposed regulations, assesses existing regulations and coordinates proposals for legislative change. Actions taken by this task force have been projected to yield estimated savings of $2.8 to $4.8 billion in capital investment costs and $1.9 billion in annually recurring costs. In addition, expected savings from regulatory reviews currently underway total $12.6 billion in annually recurring costs.

Last year, more than 180 regulations were withdrawn, modified or reviewed. Also, the number of rules published daily in the *Federal Register* was cut in half, with the number of pages down one-third.

Exempt manager issue targeted by task force. The task force announced in February that it would review the Department of Labor's (DOL) controversial rules for paying exempt restaurant managers. The DOL rules were one of 11 regulatory issues the task force said it would study this year. NRA raised the exempt manager issue with Vice President Bush last year because it had become a significant problem in the industry.

The Task Force also announced in February that it would review DOL's teenage employment rules. DOL regulates the work that can be done after school and on weekends by teenagers, as well as the types of businesses in which youths can be employed. In addition, it imposes cumbersome annual certification requirements on those who employ teens.

"These regulations contain many illogical and unnecessary restrictions on youth employment," the task force said. "For instance, the regulations prohibit teenagers from cooking hamburgers behind partitions but permit them to cook hamburgers behind lunch counters."

NRA has asked DOL to review a number of rules regarding teenage employment in restaurants, specifically Hazardous Occupation Orders Nos. 10 and 11, which pertain to baking and cutting machines used in restaurants.

Regulatory activity in Congress. . .

Congress has continued to work this year on an omnibus regulatory reform bill (S. 1080). Passed by the Senate in March, the legislation would require agencies to publish cost-benefit analyses of major rules, authorize the President to establish procedures for regulatory analysis, require agencies to review existing major rules periodically and permit the President and both houses of Congress to veto a rule.

Cognizant of the plight of small business in the regulatory sphere, Congress also has continued to focus attention on legislation that improves the ability of smaller firms to compete effectively in the marketplace. The enactment of the Prompt Payment Act on May 21 is a good example. Approval of the act was considered a major victory for small business, many of which have suffered from the federal government's delinquent habits of payment for supply and service purchases. Under the act, penalties would be imposed on agencies that failed to make prompt payments.

With increased emphasis on small business problems in Congress and the White House, restaurateurs should expect to see positive changes in the future. But restaurateurs must also work hard to sustain the mood for reform and prevent recent victories from being undone by subsequent and administrations.

THE LAW

Labor Department proposes changes in child labor rules

Some restrictions on teens who work in foodservice kitchens may soon lift—if proposed revisions to child labor rules for 14 and 15-year-olds (Regulation #3) become law. The changes proposed by the Wage and Hour Division of the Department of Labor (DOL) would be the first major rewrite of the rules since 1938. NRA has pursued changes in the rules since 1977 through letters and meetings with DOL officials. The proposed revisions reflect many of the changes the association has advocated.

As published in the July 16 *Federal Register*, the proposed revisions would allow 14 and 15-year-olds to work four hours during a school day up to a maximum of 24 hours during a school week. (The current law allows teens to work only three hours a day up to a maximum of 18 hours a week.) When school is in session only a portion of a week, a sliding scale would permit teens to work up to 36 hours a week.

Of particular interest to foodservice operators are changes that would allow teens to work until 9 p.m. on school nights instead of the current 7 p.m. cutoff. On days preceding a non-school day and during summer months, work would be permitted until 10 p.m. However, teens still could not work more than 40 hours a week or eight hours a day when school is not in session, as is the case in the current rules.

Change in occupational restrictions. . .

The proposal also revises a number of occupational restrictions placed on teens. For example, current rules prohibit 14 and 15-year-olds from cooking in a foodservice establishment except at soda fountains, lunch counters, snack bars and cafeteria serving counters. The proposal would permit cooking *everywhere*, except cooking over open flames or in situations that involve the handling of hot grease (140 F.) or containers under pressure without a safety valve.

The revisions apply only to Regulation #3 of the government's basic child labor rules, not to the Hazardous Occupational Orders that apply to all employees under 18 years of age. Hazardous Occupational Orders 10 and 11, for example, apply to the restaurant industry and prohibit teens from operating power-driven baking and meat slicing equipment. NRA has sought an exemption in these DOL orders for certain restaurant machinery, such as egg beaters or meat slicers with safety features. The proposed changes do not address these particular orders, but NRA has learned that Orders 10 and 11 are now being reviewed by DOL.

In a statement submitted to the House Labor Subcommittee on Labor Standards, NRA said proposed Department of Labor revisions to child labor rules for 14 and 15-year-olds "would be beneficial to both employees and employers in the foodservice and other industries." NRA also said the magnitude of the proposed changes has been grossly exaggerated by opponents. Some labor groups have complained that the changes are too far-reaching and would cause displacement of adult jobs. But as NRA said in its statement, "The proposal would add only one hour to a 14 or 15-year-old's permissible workday during the school term. It would add only six hours to the total workweek. . . . It should be obvious to any sensible person that this minimal expansion of hours is hardly a return to 19th-century working conditions. It is merely an adjustment that provides younger teenagers an opportunity to work in many types of service establishments that are now commonly open during the early evening hours."

The Labor Department will be receiving public comment on the proposed changes until Jan. 13, 1983.

BUZZING!
BUZZING!!

Dankos forecasts continuing industry growth

National figures show foodservice industry growth continues despite the difficult economic climate, NRA President John Dankos told the Southeastern Hospitality Foodservice Show last month.

"The times have been bad, and some industries are in trouble. But NRA's forecast shows that our industry is holding its own and even making strides. NRA projects that sales will reach about $137 billion in 1982," Dankos told restaurant operators gathered in Atlanta.

Dankos said that NRA is predicting a real sales growth of one percent for the foodservice industry in 1982.

NRA President John Dankos predicts continued industry growth.

He ascribed the gain to several causes. Menu price inflation has slowed down with a projected rise of six percent in 1982. This represents the lowest percent price increase since 1978.

Slower price increases for many commodities, especially beef, pork, chicken and dairy products, have helped keep foodservice costs down. A slowdown in labor and energy cost jumps has also helped.

The recent tax reductions have left consumers with more money to spend, Dankos said. Disposable income in 1982 is expected to increase 8 percent, and some of that money will be spent on meals away from home.

Dankos reported that limited menu restaurants are predicted to register the largest advance within the commercial segment of the industry. Their sales will increase nine percent over 1981.

"In general all eating places are profiting from the improvement in the economy and modest reversal in trading down. The outlook is bright for our industry. It is a lot better than we have seen in several years," Dankos concluded.

THE BOARD ROOM

Project: Hospitality features train-the-trainer seminars

A special Board Advisory Committee chaired by NRA Director Michael Grisanti met in Chicago last month to review progress on the new Project: Hospitality educational program.

The program, being developed by the Sandy Corporation for NRA, will feature train-the-trainer seminars designed to increase a sense of hospitality in the individual outlet. Film strips, handbooks, manuals and other backup materials are also being produced.

"NRA surveys show that our customers are looking first and foremost for quality food and friendly service. This program is designed to teach employees how to provide warm, courteous attention to diners," said Grisanti.

The committee reviewed research conducted by the Sandy Corporation and then acted as a focus group to explore what kind of service guests expect to receive in a contemporary eating place.

Michael Grisanti (center) discusses Project Hospitality with NRA staff members Jeff Prince and Susan Mills.

"Although there are many common denominators, guests expect different treatment in different types of restaurants. We are developing a program suited to the needs of institutional feeders, white table cloth and fast food restaurants," Grisanti commented.

"By the time we start putting the course together, we intend to know just what hospitality means in each type of foodservice outlet," Grisanti said.

The Advisory Committee consists of:

1. **Michael Grisanti** (Casa Grisanti, Inc., Louisville, KY)
2. **John G. Dankos** (Dankos Enterprises, Inc., Richmond, VA)
3. **John R. Lee** (General Mills Inc., Orlando, FL)
4. **Harris O. Machus** (Harris O. Machus Enterprises, Birmingham, MI)
5. **Ernest Henry Royal** (Royals Hearthside, Rutland, VT)
6. **Thad A. Eure** (Creative Dining Food Systems, Inc., Raleigh, NC)
7. **Joan Bakos** (*Restaurant Business Magazine*, New York, NY)
8. **Ernest E. Renaud** (Jerrico's Inc., Lexington, KY)
9. **Dr. Don Smith** (School of Hotel & Restaurant Administration, Michigan State University, East Lansing, MI)

The hospitality seminars will be launched at the NRA Show in May 1983.

Successful government relations menu:

Serving Congress a three-course meal

The American political process depends on the involvement of individuals—separately and in groups. Associations, such as the National Restaurant Association, in particular, share valuable information with legislators at the state and national levels through their government relations activities. Contrary to public myths, these activities have nothing to do with the dark and seamy side of politics. As the following story makes clear, the success of NRA's government relations activities depends on integrity and credibility and the active role of NRA members in shaping the future of America and especially the future of the foodservice industry.

Uniform maintenance rules, beef grading standards and business meal deductions—these are three of the biggest issues the foodservice industry has ever faced. The business meal deduction alone would have cost the industry $2 to $3 billion in sales and the loss of more than 100,000 jobs. Thanks to the National Restaurant Association's government relations program, however, the industry was able to tackle these issues.

NRA makes its voice heard in the halls of government not through a single activity but rather through three separate, vital programs: lobbying, political action activities and, perhaps most important of all, grassroots in-

BEST AVAILABLE COPY

volvement of NRA members. This article looks at each of these three activities in turn.

I. Grassroots activities: 'Eyes and Ears' of NRA at local level

Although the National Restaurant Association is headquartered in Washington, DC, within walking distance of the U.S. Capitol, this proximity does not guarantee access to members of Congress. In order to develop and maintain access on the Hill, one must have credibility, and the credibility of the NRA comes primarily from its 10,000 members and the 100,000 foodservice units they represent.

"Simply setting up shop in Washington and hiring a good staff doesn't guarantee results," explains NRA Government Relations Committee Chairman John Cauley, Jr. (Friendly Ice Cream Corp., Wilbraham, MA). "Of course, NRA's location is great. If something comes up on the House or Senate floor on short notice, NRA lobbyists can be there in a matter of minutes. But what really is important, what can make or break us on an issue, is the involvement of our members: Getting them behind an issue, getting them to contact their congressmen and senators, write letters and make phone calls—that's what makes the difference on Capitol Hill. Legislators are just more receptive to an idea or argument when it comes from one of their constituents."

Cauley's impressions are substantiated by a recent American University study. The university's Institute for Government Public Information Research surveyed 123 congressional offices and asked aides to rank different types of communications according to how effective they are in developing positions on issues. Constituent mail and telephone calls were by far the most often cited responses.

Political education to increase member involvement. . .

Last year NRA's Board of Directors endorsed the political education committee's plan (PEC) to develop the tremendous political potential of NRA's 10,000 members. "PEC is a means of educating members to the importance of personal involvement in the political process," says NRA-PEC Chairman Jim Collins (Collins Food International, Inc., Los Angeles, CA). Collins believes that through the efforts of PEC, foodservice operators can become an even more cohesive force in American politics.

The PEC plan embarked on a new program for industry involvement in the legislative process, one which hopes to build on strong relationships between NRA members and congressional representatives and senators.

To get the program started, NRA will draw up a list of congressmen and senators who are directly involved with issues of major concern to the foodservice industry, as reflected in their committee assignments. A network of NRA members who are constituents of these key federal legislators will be organized and invited to assume responsibility for building a strong relationship with these decisionmakers in their states and districts.

These NRA members will be known as "key contacts" and will discuss industry issues informally with legislators in their restaurants. They also will schedule meetings in the lawmaker's local office to establish a rapport with their aides.

"NRA key contacts will become the 'eyes and ears' of NRA on the local level," Collins explained. "They also will be used to contact a legislator between normally scheduled meetings if a legislative crisis develops in Washington which may require the key contact to coordinate a grassroots campaign of phone calls and letters from constituent restaurateurs.

"Our long-term goals are to strive for a continually active grassroots system, an increased understanding for our members of the legislative process, increased awareness of the issues and a coordinated communication system between the NRA staff in Washington, the local restaurateur and the targeted members of Congress," Collins continued. "Most important, we have to convince our members of the value of participating in the political process. We have to show them that their involvement, or lack of it, affects their business directly."

II. NRA-PAC: Pooling individual contributions for one, effective voice

Political action committees (PACs) are sometimes misunderstood. "The myth that PACs buy influence on Capitol Hill is an unfounded but—unfortunately—prevalent view of many Americans," says Chairman of the National Restaurant Association's Political Action Committee (NRA-PAC) Ralph Evans (Evans Farm Inn, McLean, VA). "The fact is PAC contributions help make it possible for well-qualified people to run for office and to stay in office—people that might not otherwise be able to afford to run. I've never known of a candidate changing a vote on a piece of legislation because of money a PAC gave him. *Money does not buy votes; it supports a certain point of view, a philosophy of government*. Contributions aren't given to candidates in hopes of changing their minds; they *are* given to candidates whose minds have already been made up."

Senator Wendell Ford (D-KY) seconds Evan's impression. "There is concern by some," he says, "that PACs may gain inordinate influence over legislators. I think this attitude exaggerates the role of PACs—and does a disservice to the integrity of those who seek and hold public office."

Like the hundreds of other PACs that emerged during the 1970s, NRA-PAC was created to pool member contributions into one fund for stronger and more effective participation in the election process.

"The NRA-PAC is a legal, authorized vehicle that enables us, under strict requirements and regulations, to support candidates who recognize our interests," explains Evans. "It is an effective means for individuals to make contributions to candidates who share their views on business issues."

PAC activities are well-documented as complete records of member contributions and disbursements to candidates must be kept and submitted to the Federal Election Commission (FEC), which makes these records available to the public.

How PAC funds are disbursed. . .

NRA-PAC awards campaign contributions to candidates running for seats in the U.S. Senate and House of Representatives. The PAC selects candidates and disburses money to their campaign committees, based on their position on key restaurant issues, their voting record (if they have held prior office), their financial need and the closeness of the race. Recommendations for campaign contributions are received from NRA-PAC members from all over the country. A seven-member committee, composed of NRA directors, reviews the recommendations and decides who will receive PAC contributions.

"Often a contribution to a PAC is a wiser investment than just giving money to a candidate you've read about in the newspaper or seen on television," says Evans. "Our staff in Washington studies all the races in the country. They know where candidates stand on the issues. They know their voting record, whether their race is a close one and whether they really need the money. One individual restaurateur simply doesn't have the time or resources to analyze the races like that."

Member contributions to the PAC cannot exceed $5,000, but average contributions are less than $100. Likewise, disbursements to any candidate by the PAC cannot exceed $5,000 per election.

During the 1979-80 election cycle, NRA's political action committee contributed about $65,000 to 138 candidates running for Congress. Although this was the highest amount raised since the inception of NRA-PAC, it was still small in comparison to the efforts of other groups. The Hotel and Restaurant Employees International Union, for example, raised more than $200,000 during the same period.

"PAC contributions have become an essential ingredient in American politics," adds NRA-PAC Chairman Ralph Evans. "Our staff in Washington receives calls daily from congressional campaign committees seeking our support. It's very important that we have the resources to help support those candidates who believe in the free-enterprise system."

In addition, "One of the valuable byproducts of PACs is the personal involvement of the contributor in our political system," adds U.S. Rep. Guy Vander Jagt (R-MI). "The PAC movement has perhaps done more to increase citizen activity in politics than any other recent development."

Although PAC growth is relatively new, PACs have been in existence for 25 years or more. The AFL-CIO's Committee on Political Education (COPE), for example, was started in 1955 and has been active in every election since. The big change in PAC growth in associations came about after federal election laws were enacted in 1971 and 1974. These changes made it possible for incorporated associations like NRA to use their own funds to establish and maintain political action committees.

Association PAC contributions are small part of total costs

Nonetheless, association PAC contributions are merely a drop in the bucket when one considers the cost of running for office. During the 1980 elections, congressional and senatorial candidates spent $239 million during their campaigns. Winning candidates in the House spent an average of $300,000 and would-be senators spent nearly double that amount. Of the $239 million total, only about 23 percent came from PAC's; associations and health groups gave 6.7 percent.

"Yes, campaigns are expensive," adds Evans, "but it's really not a large amount of money when you compare it to some other items. For example, during the 1979-80 election cycle, Americans spent more than $380 million for ball-point pens and more than $1 billion for Wrigley gum."

III. Association staff coordinates NRA efforts on the Hill

To spearhead member efforts in Washington is NRA's government relations staff. As Alexis de Tocqueville pointed out nearly 150 years ago in his classic work, *Democracy in America*: "An association unites into one channel the efforts of divergent minds." In other words, it is the function of the association staff to coordinate NRA member efforts and points of view and to represent the industry's position before congressional committees and agency rulemaking panels. Often the government relations staff is asked to present industry data to these deliberative bodies.

The NRA staff also monitors the progress of legislation and regulatory rulemaking that may affect the industry, carefully following it from introduction to final passage. In addition, NRA's legal counsel monitors and responds to complex issues that involve highly technical issues of law.

But perhaps the most important function of the government relations staff is to distribute information about legislation and regulations to the membership. The *NRA Washington Weekly*, Action Call mailings, mailgrams and telephone calls are all used to "get out the word" when important issues arise in Washington.

The staff is also available to answer queries from members on legislation, regulations and legal decisions that affect the restaurant industry. David Joyner, manager of NRA's action programs, is available to answer questions about NRA's PEC and PAC programs. NRA's government relations department is up-to-date on legislative and regulatory issues, and NRA's legal department can respond to legal questions. NRA's toll-free number is (800) 424-5156.

From meal service to community service

RESTAURATEURS RUNNING FOR PUBLIC OFFICE

To get a clearer idea of what restaurateurs with political ambitions want to accomplish for themselves, their communities and the country, NRA NEWS talked with 12 restaurateurs who are running for political office in different parts of the country. Their backgrounds, ambitions and platforms are different yet they all share a strong sense of civic responsibility.

Restaurateurs understand that their livelihood depends on how much they give to the community. If they give good food and service, then the community gives them their patronage. Some restaurateurs have taken this concept one step further—into the political arena. They have decided to run for political office because they want to give something back to the community that has been good to them.

Most of the 12 restaurateurs running for public office this fall who spoke with *NRA News* are concerned with economic issues—such as jobs, balanced budgets, tourism and taxes. Others are concerned with social issues. Still others are committed to cutting back the bureaucracy and making sure that constituents get their money's worth.

Several of the candidates believe that running a restaurant relates to running the government because restaurateurs must be organized and must deal with people. They also believe that they are in a special position, as one candidate said, to have "their finger on the pulse on what's happening in the community." This insight, the restaurateurs claim, will help in being responsive to their constituents.

For some of the restaurateurs, politics has always been a second love. For others, it was a more sudden decision, often in response to the inadequate performance of an incumbent. Usually, though, government service was seen as an opportunity to serve. "I feel an obligation," said one candidate. "I was raised with a responsibility not only to myself and my family but also to my fellow man."

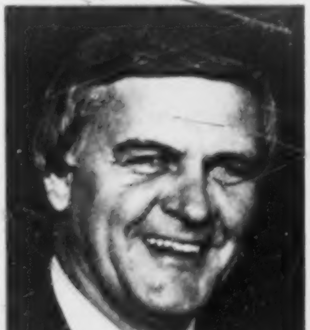
Although the incumbents in the group say that the demands of political office are great and often take them away from their restaurants for months at a time, many recommend public office to other restaurateurs. "There's a big reward in being able to get things done for the district," says one candidate. "Even if you don't run for public office," says another candidate, "run for precinct committee positions, get involved on the grassroots level, work on campaigns, support PACs."

A look at the candidates. . .

Fred Aiken's first attempt to get elected to public office was in 1978 when he ran for the state house of representatives. Aiken of Alfredo's Restaurant in Dallas, GA, lost by one of the closest elections in the country—eight votes. In 1980, he ran again and won by 10,000 votes. Aiken has qualified for reelection in 1982. Law and order, especially stronger laws to discourage driving under the influence of alcohol, are issues of primary concern to him. Aiken is also committed to free enterprise. "I want to keep the government out of all businesses," he says, "because every time the government starts interfering, our country has problems."

Douglas J. Baker, co-owner of the Sugar House Restaurant and Motor Inn in Middlebury, VT, and the New Ha-

Aiken



Baker

Curtola

Felton

Maestri

Mason

Plyler

Powers

ven Motor Inn near Vergennes, VT, is no newcomer to the political scene. He has served in the Vermont House of Representatives as well as on various state and local committees. He is a member of the board of directors of the Vermont Chamber of Commerce, past president of the Vermont Hospitality and Travel Association, member of the state Republican Party and member of the Addison County Farm Bureau. Baker is now running for the Vermont Senate. "I want to upgrade the quality of life by creating new jobs and new industries, enlarging the service industry, increasing manufacturing jobs and protecting our agriculture," says Baker. "I feel an obligation. I was raised with a responsibility not only to myself and my family but also to my fellow man."

Terry Curtola of Terry's Restaurant in Vallejo, CA, became mayor in 1979 after defeating the incumbent of 16 years. His goal in office is to revitalize Vallejo's downtown central core. "I support planned growth as opposed to building to build," Curtola says. "If the city prospers, the restaurants will also."

James E. "Ed" Felton, president of the A & B Lobster House and A & B Fish Company, Key West, FL, is a first-time candidate for the state senate, running on a Democratic ticket. Felton, who has been an active participant in a number of fish-related panels and associations, is committed to reducing bureaucracy. "I want the people in office to produce instead of just protecting their jobs," Felton explains. "We've got too much government and we've got to cut down on it on the state and federal levels."

Danny Maestri, 27-year-old owner and manager of Mary Maestri's in Tontitown, AR, filed last March as a Republican for the state senate in Arkansas. Maestri, who is active in the Rotary Club and Chamber of Commerce is concerned about agriculture, education, tourism and highways. In addition, Maestri is interested in better representation for his district. "I want to make sure that the constituents get their money's worth," he says. "The incumbent doesn't do his job."

Edward J. Mason, owner of Ed Mason's 1980 Restaurants in Cumberland, MD, has earned a position of prominence during his 12-year political career in state government. He has held major committee assignments and was elected state minority leader. Last year, Mason was honored as "Republican of the Year" by the Maryland Republican Party.

Mason, who is seeking re-election, says his goals include "a more viable program for rehabilitating first-time offenders, developing a main transportation artery that would meet interstate standards and thus help our overall economic development, creating the best juvenile system in the country and taking steps to create an effective educational system."

Aaron W. Plyler, owner of the Hill Top Restaurant in Monroe, NC, is now a member of the North Carolina House of Representatives and is run-

Rector

Regan

Suggs

Vidricksen

ning for the state senate. He is also a member of the North Carolina Economic Development Board's Travel and Tourism Committee. "I want to do whatever I can for tourism in my state," Plyer maintains. "I want to see that what's being done in North Carolina is being done in the best possible way."

Gerald Powers of Sunnyville Restaurant in Ossipee, NH, is a first-time candidate to the state legislature. "I really believe that anyone who has a business should spend two years in government to find out what happens behind the walls," he maintains. "I think it will change my perspective, and I think I will become a better businessman for it." If elected, Powers plans to concentrate on taxation, spending, tourism and creating better jobs.

Veteran politican **William G. Rector** of Owl Inn Restaurant in Cheyenne, WY, has been a state senator since 1965, after three terms in the Wyoming House of Representatives. Rector serves as minority floor leader and also on committees concerned with revenue, labor and federal relations as well as rules and procedures. It is not surprising, then, that the issues of key concern to him are water, labor laws and state finances. Rector strongly believes that the insight of a restaurateur is far superior to that of "lawyers, ranchers, oil men," because, he says, "restaurateurs deal with every phase of the economic situation." "The biggest reward," he adds, "is being an important part of society."

Jack Regan of Jack's Place in Las Vegas, NV, is a first-time candidate for the state senate. "I want to establish an equitable tax for all taxpayers," he says. "Our tax situation is a mess. We are now faced with increased sales taxes, rising property taxes and diminishing services. I feel I have the time, the education and the professional know-how to do the job."

Karl Suggs of Karl's Restaurant in Tulsa, OK, is running for U.S. Congress. "My goal is to make sure that the government is responsive to the people," he says. "I want to be a representative of the people. Too often candidates get to Washington and don't care what the people back home want until it comes time for re-election."

Ben Vidricksen of Vidricksen's Food Services, Salina, KS, was appointed to the state senate in July 1978 and re-elected in 1980. Vidricksen, who has served on committees dealing with federal and state affairs, energy and natural resources and government organization, is proud of the fact that Kansas has a balanced budget. "I'm very much in favor of this on the national level," he says. "That is why the issue of spending is among my number-one priorities." Vidricksen is an NRA director and serves on the association's education and political education committees.

A view of lobbyists from the other side

The incumbents among the group of restaurateur candidates profiled here were asked, "How do you view lobbying now that you're on the other side?" Here is a sampling of their provocative responses.

Aiken of Georgia: "I used to have a distasteful view of lobbyists. I felt they got in the way and were unnecessary. Now that I am in office, I've found that lobbyists are important contributors to the governmental process. As a general rule, I have found that lobbyists are honest. They have to be or they lose their credibility, and that's the most important thing they have. On certain issues, there is so much rhetoric that it gets confusing. So you need to back up and look up some lobbyists and get their views because they are the experts. There's usually a lobbyist on either side of the fence. I listen to their views and then make up my own mind."

Mason of Maryland: "I feel that lobbyists are just as important a part of the political system as are legislators. If you're not a good lobbyist, you don't stick around long. Those who know their field are very, very valuable to a legislator. No one is a better source of information than the person who is representing an issue—whatever it is."

Plyler of North Carolina: "Good lobbyists are essential to legislators because they tell you things that you might never have found out otherwise."

Rector of Wyoming: "A legislator can't function without lobbyists. Lobbyists are valuable because they are right at your disposal. They are there to answer your questions, help you, advise you, criticize you or whatever. You really need them for information. I think lobbying is a very upright and honorable profession. It takes skilled people with a lot of know-how to do that job. I hold lobbyists in very high esteem."

Vidricksen of Kansas: "Lobbyists perform a service that would be impossible to buy. The government could not afford to pay for this kind of information, and it's paid for by someone else. Lobbying is important to the political process because lobbyists present a view that you wouldn't get otherwise. There's no way that you could research a question as thoroughly as lobbyists do—on both sides of an issue. You then weigh the two sides in your mind to make a decision. To me, lobbyists perform one of the most important functions of the political process. I think lobbyists ought to be commended because they spend their own money—the money of the people they represent—and they inform members of Congress so well. I am a very strong advocate for lobbying because I respect the lobbyists I work with."

CAFETERIAS

Sleeping giants of the foodservice industry

The last decade has not been a prosperous one for cafeterias. According to NRA's Foodservice Sales Panorama, *since 1972 commercial cafeterias have been fighting a losing battle with inflation. Some chains have cut back their operations, while others have tightened their belts in the hope that declining traffic will pick up. Although the picture looks bleak, it doesn't have to be. Cafeterias have a built-in flexibility that can make them appealing to every segment of the population.*

If you are a cafeteria operator, no one has to point out your major threats—you know them well enough—the competition of fast food chains and rising costs. But at the same time, you in the cafeteria business have qualities that no other food service operation can offer, qualities that can appeal to all segments of the population. You can offer good food, fast service, economy, ambiance, entertainment and specials. And you can do all of this easier and with less expense than any other food service establishment.

Richard McGeoch, vice president of Morrison, Inc., the nation's largest cafeteria chain, probably summed up cafeteria assets best when he said, "There is just no less expensive way to serve greater numbers of people with a complete balanced meal selected from a wide variety of menu items."

The menu—with its variety and flexibility—is indeed the cafeteria operator's ace in the hole. Unlike establishments with a printed menu, you can add or delete selections at your discretion on a day's notice to take advantage of seasonal produce, market specials, leftovers or chef suggestions. For example, you can plan entrees, pies and salads around apples during the apple season; or you can offer salmon entrees, soup or hors d'ouevres when salmon are in good supply. You can prepare stews and soups from leftover vegetables and bake homemade breads that can win you a loyal following. The possibilities are endless, as are the savings—and you can pass these savings along to your customers.

Changing the image. . .

If cafeterias have so much going for them, why aren't they more successful? Why are their real sales figures in the red while their strongest competitors—limited menu restaurants—remain in the black? Unfortunately and unfairly, cafeterias suffer from a poor public image. They are often perceived as drab, bleak places that serve heavy food to a primarily elderly clientele. Although this image doesn't do justice to many commercial cafeterias, it won't change unless cafeteria operators do something about it. The best way is to get the public into your cafeteria.

Unlike fast food chains that have developed masterful promotions, most cafeterias do not advertise. This is a mistake. Advertising and promotions will increase your traffic. You can sponsor general ads—directed to the entire community—which promote a special theme dinner (such as a "chickenfest") or a "skinny" alternative lunch that features the popular Scarsdale diet entrees—easy to plan and serve and sure to generate word-of-mouth endorsements. Alternately, you can advertise the way you prepare your foods or certain house specialties or the fact that you offer a bottomless cup of coffee.

You can also target your message to one demographic group. If you want to increase your singles traffic, you can sponsor a promotion with a singles club, a radio station or a local college. If you want business people to be part of your luncheon crowd, hand out fliers advertising your cafeteria in front of office buildings or advertise in the business section of your local newspaper. If you want to see mothers with young children walking through your lines, promote in your local supermarkets or shopping mall. Do what you must to get people into your establishment so they can see what a cafeteria of the 1980s is all about.

Once you have a new clientele in your cafeteria, don't prove their prejudices right. Remember, cafeterias are the only foodservice establishments where food orders are directly contingent upon looks. So show them your fresh, light food, your nutritious salads with homemade dressings, your fresh fruits, cheese boards and crisp vegetables—beautifully prepared and displayed. Show them your homemade breads, rolls and pastries and your appetizing entrees—including the ever popular hamburger often neglected by cafeterias. This doesn't mean that you should totally eliminate traditional items like beef stew and mashed potatoes. That's the beauty of a cafeteria; it can have something for everyone, and the customer's eye will focus on what it wants to see as long as there is variety.

Don't ignore your decor. Let your customers see a bright, clean, cheerful atmosphere where they will want to savor their food and invite friends to share meals with them. A look at some of the steps corporate and institutional cafeterias have taken to update their facilities illustrates what a difference a facelift can make.

Cafeterias for congressmen

Congress should run the country as well as it runs its restaurant system

What would you do if during the middle of your busiest luncheon period a bell on the wall went off and a quarter of your customers dashed out, leaving their half-eaten soups, sandwiches and entrees behind? You'd clear the tables, right, to make room for the next crowd? Not if you were managing one of the three cafeterias serving the U.S. House of Representatives.

Because of the awkward schedule of Congress and the unpredictability of quorum and vote calls (announced by the ringing of bells in all congressional offices, corridors and service areas), the foodservice system on Capitol Hill must be sensitive to the special needs of the nation's lawmakers. This is a task that runs havoc with industry-accepted management practices. The irregular schedules are only one problem; other challenges include: the congressional mandate to keep down the cost of certain menu items, such as coffee and doughnuts, and the space restrictions in rooms that were not originally designed for food preparation and consumption. Despite these difficulties, the foodservice management staff has made impressive progress in the last decade—with more changes planned in the years to come.

Less than 10 years ago, the Capitol Hill foodservice system cost taxpayers one million dollars. Today, the cafeterias, which serve more than 260,000 people per month, not only carry their own weight but also put money back into the U.S. Treasury. In 1980 the House restaurant system had a surplus of $10,000; in 1981 the surplus nearly tripled ($28,000), and this year projected profits show that the surplus could exceed $200,000 because of improvements in the economy and new cost control methods.

These surpluses are not at the expense of the 16,000 government workers who frequent the cafeterias and other food outlets. In fact, there is a congressional mandate to keep costs as low as possible. What accounts for the profits? Tom Marshall, staff director of the subcommittee on services (which is part of the House Administration Committee that oversees the House restaurant system) explains: "To absorb inflation in our system requires tighter management. We have found innovative ways to reduce internal costs, such as wholesale volume purchasing by a centralized commissary." As part of this new orientation to buying, the House foodservice system plans to standardize recipes by pooling the knowledge of the chefs. Already it has installed new technology to keep track of orders.

Like other commercial and institutional cafeterias across the country, the House restaurant system is in the middle of renovations, designed to improve the appearance of the food, to brighten the decor and to improve the efficiency of the service.

One example of the new facelift are the changes made in the Longworth cafeteria housed in the office building of the same name. The once colorless, pillar-ridden room has been redesigned to accent the cafeteria's courtyard heritage. The walls are now yellow and green, and the pillars have been turned into lamp posts. The furniture is more attractive and more comfortable.

There are three food lines in the Longworth cafeteria. One features fruit plates and individual sandwiches made to order; another offers traditional Southern soul cooking, including the Hill's famous bean soup and cornbread. There is a separate station for salad, which boasts 17 items that range from beets and eggs to chow mein noodles.

The chef eats in the dining room with the patrons, getting firsthand feedback on his menu items, which rotate each week according to monthly cycles. The cafeteria is open to the public except from 11:45 a.m. to 1:15 p.m. when the House is in session. "The first mandate of the House restaurant system is to feed members and their staffs when they are here," explains Joe Malone, general manager of all House foodservice operations.

Malone applauds the 250 men and women who are employed in the House restaurant system for meeting the challenges of hectic, unpredictable schedules. "They are a dedicated staff that feed people under stress and strain," he explains. "There is less than two percent turnover a year, and many employees have been working in the system for nearly 30 years." Malone plans to inaugurate "superstar awards" and other formalized thank-yous to recognize extraordinary service and to boost morale.

Other changes planned for the upcoming months include a customer survey to pinpoint the types of foods patrons want, the inauguration of speciality days to highlight a particular kind of cuisine and a feasibility study to look into the profitability of reopening a bakery for all congressional food outlets.

What does Malone see for the House restaurant system five years down the road? A commercially sophisticated operation—perhaps the most sophisticated in the country—that nets a profit of one-half to three-quarters of a million dollars. Malone plans to focus on innovative merchandising, including the scatter-system of food stations that will highlight speciality foods, such as deli items and homemade ice cream.

Corporate cafeteria facelifts. . .

Continental Bank, a subsidiary of the Continental Illinois Corporation, Chicago, IL, decided that the way to create a warm atmosphere in its main cafeteria was to replace floor tiles with hardwood and harsh fluorescent fixtures with drop lighting. This helped keep the noise level down and made the cafeteria more conducive to conversation. Banquettes and booths were built along the perimeter of the room for more comfortable seating, and plenty of plants were added to compensate for the lack of windows.

Amway Corporation in Ada, MI, chose to reflect the international scope of its business when it revamped its seven cafeterias. Each cafeteria now has a distinctive foreign decor representing an area of the world where Amway operates—from a South Seas port-of-call motif to a decor reminiscent of an old British public house.

French-owned Casino USA has turned its five American cafeterias into Parisian cafe replicas with art noveau exteriors. The "cafe casinos," as they are called, use red and green lavishly as well as false windows, etched glass, plants, chrome furniture, street lamp posts and generous touches of tile, wood, brass and copper.

Even a hospital cafeteria doesn't have to be drab and dreary as proven by the Sisters of Charity Hospital in Buffalo, NY. Its cafeteria, called Dining Inn, was redone in orange and brown. These colors contrast dramatically with one finished red brick wall. A brown carpet provides extra sound absorbency and keeps the cafeteria quiet even at the busiest hours. High windows, angled for a sky view, were designed to disguise some unattractive neighboring buildings.

A successful redesign does more than revamp the decor, however. It streamlines movement through the food lines, highlights foods and increases operational efficiency.

Speciality areas increase turnover. . .

One popular innovation that can put you in the running with your competition is to develop speciality areas in

Graduates speak out

FOODSERVICE TRAINING: Entree to promising career

Foodservice education students are driven by a common bond—their love for food. Whether they like to prepare it, eat it or arrange it, they have committed themselves to a career in the foodservice industry.

***NRA News** wanted to find out more about these students, and so it contacted a number of graduates from foodservice programs. These interviews explored why they decided on foodservice as a career, why they chose a particular line of study and how their education contributed to success on the job. The following vignettes should shed light not only on the effectiveness of foodservice training but also on the kinds of attributes, experiences and motivations foodservice operators might look for when they hire employees for their restaurants.*

1. Fascination from childhood. . .

Lori Henrie, a 1977 graduate of the Culinary Institute of America (CIA) in Hyde Park, NY, has been fascinated by the food business since childhood. When her father entertained his business clients at home, she planned the menus and arranged the food. Later when she worked for a catering company, she knew that foodservice would become her career and sought to learn as much about food as possible.

Henrie enrolled in a two-year program at CIA where the courses run the gamut from basic sauces to classical French cuisine. There she discovered the qualities needed to become a top-rate chef. "Every class was helpful," she said. "Not only did I learn a lot, but I still use my notes today."

Henrie is presently employed as a chef at the Paisley Shawl, a gourmet restaurant in Casper, WY. She is responsible for creating three entrees each day and overseeing the myriad of house specialities which include soups, salads and sandwiches. In addition to her chef duties, she also trains new employees.

Henrie's ultimate goal is to own a restaurant, but for now she loves what she is doing. "The smaller establishment is what I like best," she said. "Here I can apply all that I learned at CIA".

2. Role models and perseverance. . .

Echoing Henrie's enthusiasm is Richard Grund, a graduate of the hotel-restaurant program at Florida International University (FIU) in Miami, FL.

"My great-great grandfather was a butcher, my great grandfather was a chef and my grandfather was also in the business. I guess foodservice is in my blood," he said.

Grund began working in a restaurant when he was sixteen. ("I kept going back until the manager hired me.") He enjoyed the work so much that six years later he enrolled in a culinary arts program and soon found work as a chef. After a few years in that end of the business, he decided to pursue foodservice management.

"FIU offered well-rounded courses that can be directly related to the management of a restaurant," he said. "The professors were especially helpful. They made us think about what we were doing. It wasn't all textbook application." Grund has high praise for NRA Director Mike Hurst, a restaurant management professor at FIU. "Mike is the epitome of what you should be when you run a restaurant," he said.

Grund began his own business—Total Foodservice Directions—five years ago with his partner Gus Gregory. Starting with one account, a coffee shop in a Miami hospital, the company now has contracts with 16 institutional feeding units in the Dade/Broward/Ft. Lauderdale areas of Florida. Their accounts include banks, hospitals and colleges. One big account, Miami-Dade Community College, feeds approximately 55,000 students each year.

As vice president of operations, Grund is responsible for the company's short-range planning. He would like to open four or five units a year. Obviously, Grund's business is a success—but he worked long and hard to make it work. According to Grund, his course of study contributed to his knowledge of the business. "My foodservice education was very important your cafeteria. Not only will this increase the speed of service by having more than one food line but it will also increase customer involvement. The very nature of a cafeteria is geared to customer participation; and deli stations, dessert bars, grills, sandwich stations, salad bars and omelet or pasta lines all heighten customer choice and give the dining experience a sense of drama. "People like to see what they're getting and they like to do it themselves," says McGeoch of Morrison's.

Even if you decide against a speciality area, you might consider adding another food line to increase turnover. Other helpful changes can be adding extra coffee or beverage stations and condiment islands and hiring foodservers to help carry trays. Such special touches will help establish a caring atmosphere.

Some cafeterias have taken the speciality concept one step further and have devoted their entire menu around a speciality item. One example is Mama Mia!, a Chicago cafeteria that serves pasta and other Italian dishes.

Mama Mia's menu includes whole wheat, spinach and semolina varieties of pasta that are fashioned into spaghetti, linguine, fettuccine, rigatoni and conchiglie. Sauces include classic marinara, meat sauce, zucchini, Alfredo and clam. They also serve salads; meatball and sausage sandwiches; desserts, including Italian cookies, candies and pastries; and beer and Italian wine.

Why not entertainment?. . .

Entertainment is something that not many fast food, coffee houses or cafeterias offer, but it can boost sales. Alfredo's, an Italian speciality cafeteria in Washington, DC, offers entertainment with good results. During peak hours, a female vocalist, accompanied by a three-man band, entertains Alfredo's customers with show music and popular tunes. "Music helps people forget about their problems for a while," says Alfredo Toriello, the cafeteria's proprietor. Sometimes Toriello entertains his patrons with Italian songs from his own repertoire. And the crowds—they love it.

New technology can help combat rising costs. . .

Inflation—a burden for everyone—is especially problematic to cafeterias and other dining establishments that offer low-cost meals. A way to fight rising costs is through careful controls.

Edward Bartz, president and general manager of Bishop Buffets, Inc., in Cedar Rapids, IA, tells how his 29-unit cafeteria controls labor and food costs. "Our NCR 2125 cash registers help us keep a record of customers served per labor hour in each department—production, counter, floor, utility and so forth—and that helps us set standards and schedules based on each day's business."

"We can control food costs," continued Bartz, "because we know approximately what percent of each item we produce and sell to each customer each day. About five years ago, we started using these registers, and they have helped greatly in controlling production."

In other words, by monitoring customer preferences, you can adjust your purchases and portions and plan your menus more accurately. You can also be more realistic with your work schedules and can even plan your promotions around popular menu items.

The potential is there. . .

Cafeterias have the potential of doing well in the future—if they keep up with customer preferences and demands, merchandise their food attractively and promote their offerings to general consumers and targeted groups. More than other dining establishments, cafeterias have the flexibility to be creative and adaptable with their menus and the potential to involve customers. New technologies can also help cafeterias monitor and control labor and costs—thereby maximizing profits by increasing volume.

Slumbering Cafeterias: How to wake them up

I Lay out your cafeteria line so it is conducive to speedy service

- Consider speciality stations to funnel people to popular food areas, such as grills, sandwich stations, salad bars
- Break up one food line into two or three lines, or add an extra cashier to speed up checkout
- Display items so they are easily accessible

II Merchandise your menu

- Keep service areas spotless
- Prepare food in small batches throughout the day to maintain freshness
- Spotlight your food
- Pay attention to colors in the food line. Colors should contrast; for example, cauliflower looks good next to tomatoes, but not next to mashed potatoes
- Put dessert first in the food line. It's more likely to tempt customers if it comes before the entrees
- Don't ignore the ever-popular hamburger
- Use larger trays so customers can order more food

III Work at attracting more customers

- Create a cheerful atmosphere
- Advertise and promote your cafeteria. Create special luncheons; offer value cards for free beverages
- Consider entertainment
- Use new technology to keep track of items ordered at what time
- Evaluate your name. Is it likely to attract people? The word "cafeteria" does not have to be included
- Be innovative

to me. I learned every facet of the business."

3. *Training that's been redirected. . .*

For Greg Grime, a graduate of California Polytechnic State University in San Luis Obispo, CA, the course of study he pursued has held some surprises. Trained in the technical aspect of foodservice, Grime found the field of dietetics to be extremely competitive. "The dietetics/nutrition profession is traditionally female," he said. "I don't believe that I was openly accepted."

To counter this feeling of reverse discrimination, Grime sought an alternative career in the food industry. He is employed as a manager of quality assurance and food technology at Straw Hat Pizza, the fast-food division of Saga, Inc. in Dublin, CA. He still uses some of the technical training he received at college.

"I am a go-between, working with both manufacturers and the company to make sure that the product we order is made to restaurant specifications. For example, the cheese that is used on our pizza is exactly the same in every Straw Hat restaurant," he explained.

Grime is also involved in product development and works with a group of employees and a supervisor in the company's test kitchen. Two popular menu additions that have come out of the test kitchen are brownies made in pizza pans and a taco salad.

"My classes were mainly science-oriented, such as food chemistry and microbiology. Of course, I can't use those on the job, but I did receive a very complete education at California Polytechnic. I took some cooking classes and I worked as a waiter," Grime said. "All of that plays an essential role in my performance on the job. I'm glad I studied the technical aspect of foodservice."

For the future, Grime would like to continue at Straw Hat: "I'm able to get involved in a variety of projects; this is a great company to work for. Some day I hope to be director of quality assurance and food technology for all of the Saga divisions."

"I still use my notes today."

Lori Henric

4. *Need for more management training. . .*

Joanne Coppini, also a graduate of California Polytechnic and an employee at Saga, Inc., agrees with Grime about the competitive nature of the dietetics profession. But unlike Grime, Coppini uses all that she has been taught at college.

"I'm a foodservice director at Saga cafeteria, which means I do everything from planning menus to hiring and firing employees," she explained. "When I plan a menu, I draw upon my college training, but I do wish that the school offered more management courses. I could have used more training in that area."

"The dietetics/ nutrition profession is traditionally female. I don't believe I was openly accepted."

Greg Grime

Coppini is very happy in her position at Saga and would like to continue in the management end of the business for the next couple of years. She believes that her education taught her a lot about food administration and food preparation. She definitely plans to use her technical education throughout her career. "I worked very hard during my years at school. You better believe I'm going to use it all," she said.

5. *Learning in the 'real' world. . .*

The position of convention manager is always very hectic and Greg Rowell says he must be crazy for staying in the business this long. But Rowell says, "I like the work atmosphere—it's fast, exciting and rewarding."

As a graduate of the hotel, restaurant management program at the University of New Haven in West Haven, CT, Rowell was hired by the Hilton Corporation to be convention manager of the famous Waldorf-Astoria Hotel in New York.

"My education has provided me with background knowledge, but most of what I have learned has been through my position at the hotel," he said. "All of my courses were helpful, but each company has its own organizational practices that must be learned on the job. I believe that outside speakers—people actually working in the industry—would have been a very beneficial complement to book learning. That way the student would have an inkling as to what the 'real' world is all about."

6. *A specialty world renown. . .*

Mike Bortz has made a niche for himself since he graduated from the Culinary Institute of America in 1977. His passion for food has found expression in the fashionable world of gourmet chocolates. Bortz considers himself a confectioner, and he says that the chocolates he creates at the Mill Acres Restaurant in Wyomissing, PA, are rated among the top five in the world.

"Even in the recession our gourmet shop does a huge amount of business," he said. "When you produce a quality product, people do keep coming back."

Bortz's desire to enter the foodservice profession stemmed from an early interest in the industry. "There are so many different aspects, there will always be something to do," he said.

Bortz knew that he wanted to learn more about culinary arts, especially baking, but he could not specialize at CIA. His classes included all types of culinary arts. "I did get a good background at CIA," he adds. "I just wish I could have tailored my program to my interests. I would have loved to take more pastry classes."

7. More internships needed. . .

Howard Katz has been working in restaurants since he was 16—first as a busboy, then as a cook. He liked the management side of the business and decided to pursue a degree in restaurant management at the University of Illinois in Urbana, IL.

Katz is presently employed as an assistant manager at Bones, a Lettuce Entertain You, Inc. restaurant in Chicago, IL. "My education helped me learn general business, such as accounting practices in the restaurant," he said. "But some of the classes cannot be applied. I'm learning so much on the job.

"If the university had offered more internship programs, I would have been able to more closely relate to my job," he said. "I'm glad I studied restaurant management though. Without this degree, I would really be in the dark."

8. Graduate degrees in hotel and restaurant management. . .

Foodservice education does not stop at the undergraduate level. Many individuals seek graduate degrees in hotel and restaurant management in order to change careers or to prepare for more technical corporate positions.

Roberta Blum is one such individual who wished to change careers after three years in the teaching profession.

"I just wish I could have tailored my program to my interests. I would have loved to take more pastry classes."

Mike Bortz

"I worked in a restaurant during college and found the field to be very exciting," she said. "The University of New Haven offers a unique program—an MBA in hotel and restaurant management—so I decided to apply."

Blum is now employed as an assistant manager at the Crystal Fountain, a restaurant in the New York Hyatt Regency. "A lot of my courses were seminar-oriented, which is necessary at the graduate level, but not especially applicable to my position at the hotel," she explained. "I know this degree will be an important factor at the corporate level, however, and that's where I hope to be in the next few years."

Tom Van Gilder, general manager of a Charlie Brown's Restaurant, owned by Host International in Covina, CA, is another foodservice graduate degree holder. After working for the Marriott Corporation for a few years, he decided to supplement his undergraduate degree in business administration with a degree in hotel and restaurant management from the Florida International University in Miami, FL.

"My graduate degree gives me the background for the position of multiunit manager. The program was very structured and the majority of my courses—especially advertising, marketing and accounting—are helpful to me today," he said. "Foodservice is a great profession. My education is a contributing factor to my success."

Scholarships available

Students enrolling in a foodservice education program this fall may qualify for two scholarship programs. These scholarships are awarded on the basis of career motivation, academic records and financial need.

1. **NIFI*-Heinz scholarships.** Seven scholarships for students in a four-year college program: 7 awards $2,600 each over two years. Three awards for students enrolled in junior college and community college programs. 3 awards $1,900 each over two years. Supported by H. J. Heinz Co. Foundation.

2. **Golden plate scholarships.** One hundred awards of $750 each for one year awarded to students in junior/community colleges, senior colleges or graduate programs. These scholarships are supported by the International Foodservice Manufacturers Association Educational Foundation.

Application for these scholarships will be available after October 1, 1982 from college directors of financial aid or department chairmen. In addition, applications are available directly from the National Institute for the Foodservice Industry, 20 N. Wacker Dr., Chicago, IL 60606. All applications and supporting documents must be received by NIFI, postmarked no later than April 1, 1983.

Editor's Note: *See "At your service" column in this issue for information on scholarships earmarked for foodservice educators.*

**National Institute for the Foodservice Industry.*

FINE TUNING YOUR PROPERTY INSURANCE

by Hank Raskin

President,
Commercial Insurance Agencies

This is an overview of property insurance—leases, replacement cost endorsements, umbrella policies and other items—based on a presentation at the 1982 NRA Show. Raskin's overview of liability insurance will appear in the October issue of NRA News.

3rd of a series

Insurance is an important, yet truly misunderstood aspect of foodservice operations.

In California, the average restaurant pays approximately $16,000 a year for insurance premiums, and I've heard it said many times, "I pay a lot of money and I never get a chance to use it." Insurance is not an investment. When people buy an insurance policy, they think they should get a return on their money. That's a mistaken impression. They're buying insurance for one thing only—protection.

Generally, people think that all policies are exactly the same. Every time they look at an insurance contract, the only difference they see is the price they're paying. That is like assuming that all beef is the same or all fish is the same. If you pay for chuck, nobody is going to give you sirloin; they're going to give you chuck. It's the same with insurance. Unfortunately, it's only when a claim occurs that the differences show up.

Picking an insurance agent. . .

The first rule: Be careful when you pick your insurance agent. Don't pick him by price alone. He should be a professional—as professional as your attorney or CPA. He should know all aspects of your business. He should understand the safety factors that are involved in a restaurant. He should understand the cost of sales in restaurants.

Don't pick an insurance agent because he comes in to your restaurant and eats there often, or because every Saturday you play golf with him or because he's your brother-in-law.

I'd like to give you an example of how important an insurance agent is. A client called me one day and he told me he got a quote from another agent that was about $10,000 less than our package policy. He purchased it, but left the rest of his insurance coverage with us.

Later that year, I woke up one morning, turned on the television and saw that this man's restaurant was burning. The fire ended up costing him $300,000 out of his own pocket because the other agent did not sell him as comprehensive a policy as he had before with us.

Understanding clauses in leases. . .

In addition to being well-informed about your insurance coverage, your agent should also touch on several other areas of your operation. One area that is really misunderstood concerns leases. You may think, what does an insurance agent know about a lease? That's for an attorney to look at, not an agent.

There are clauses in leases that you really don't need, clauses that cost you money in higher insurance premiums. As an example, you can eliminate one particular type of coverage called fire and legal liability with a "waiver of subrogation." A waiver of subrogation simply states that the lessee and the lessor waive their rights against each other in the event of a loss.

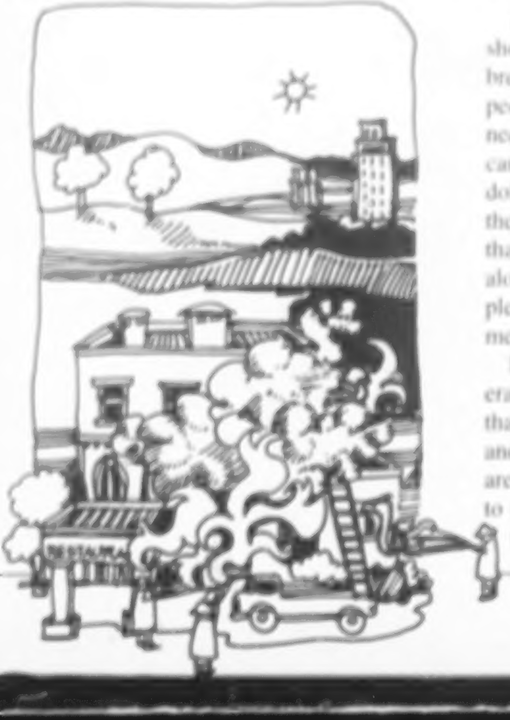
In most leases, it says that the lessee is responsible for both the maintenance and repairs on the leased property. Say you were negligent and caused a fire in that building. The owner's insurance company would replace the building for him, but it could come to you and say, "You are responsible to pay us back because you were negligent and caused this loss." That's why there is fire legal liability insurance to protect you against this claim, and then your insurance company pays for the damages.

However, if you had a waiver of subrogation—the landlord waives his rights against you and his insurance company's rights against you, and you're waiving your rights against your landlord if your equipment is damaged or destroyed. Therefore, his insurance company will pay for the building, and your insurance company will pay for the improvements and betterments that you've put into the building. If you have that waiver, you do not have to carry fire legal liability insurance coverage. This will save you a couple of hundred dollars a year. You should make this agreement prior to the drafting of a lease.

This raises another very important issue—one that concerns definitions of tenants' improvements and betterments in buildings. Many foodservice operators sign leases that say the improvements and betterments you make to the building as a tenant become a permanent part of—or belong to—the building.

The question always comes up at the time a loss occurs—who is going to pay for what? Is your adjustor or your insurance company going to pay you when there's a loss, or is the building owner's company going to pay him if there is a loss? That's an area that really needs to be spelled out in your lease.

There's usually another clause in the lease that makes me laugh. It says you must carry glass insurance. So you pay for glass insurance, but that's not really what it means. What it really means is that you're responsible for the glass in your windows. If you can afford to pay for that broken window yourself without financial burden, don't insure it. The landlord doesn't care if you really carry an insurance policy or not. What he's more concerned about is that you replace that glass.



These are some of the things your agent should watch in your lease. Don't sign a new lease until your agent has had a chance to review it.

Looking at business interruption insurance. . .

Your business interruption insurance is another area that your insurance agent should be very concerned about. It is actually more important than the fire policy portion of your insurance package.

If your building were to burn down or your equipment was destroyed and you had the proper fire insurance coverage, you could replace what you have if the policy was written correctly.

If you don't have the correct business interruption insurance, however, your cash flow will be affected. All foodservice operators have fixed expenses that continue day after day whether their restaurants are open or not. If your cash flow dried up, all your fixed expenses would still continue, and you would need money to pay them.

Unless you've got a lot of money sitting in the bank or you have the proper business interruption insurance, you're going to have a problem opening up your business and your competitor will start picking up your clients or customers.

Protecting yourself with an umbrella policy. . .

Another important policy that you should be concerned about is an umbrella policy. It's very difficult for people to understand today why they need to buy an umbrella policy because coverage begins at one million dollars and goes up from there. And they can't understand why they need that kind of exposure. The newspapers alone give you an indication that people are being exposed to large judgments.

In the first paragraph of your general liability policy, it briefly states that the insurance company has a right and a duty to defend you in case you are legally liable. But what it goes on to say is that if the insurance company thinks you're negligent, it can go

RESTAUR
FOOD
FINE FOOD
GRILL

ahead and pay the limits of your policy and walk away from you. This means the insurance company doesn't have to defend you and doesn't have to pay one dollar over and above the primary limits of your liability coverage.

An umbrella policy, on the other hand, picks up your first dollar of defense coverage. Defending a large lawsuit today is very, very expensive. So it's important that you have this kind of a policy. Also insurance companies do not like to lose an insurance case, and they will hire the best legal brains that they can get. This means that you're going to have terrific representation.

But most important, an umbrella policy protects your future income and your present assets. The best way to determine what limit you should buy for an umbrella policy is to figure out your total assets, anticipate what your future income is going to be, and then buy a limit that will be sufficient to cover both needs.

Adding a replacement cost endorsement. . .

Since I've been in the insurance business, I've heard many, many people say to me, "I've been carrying insurance all my life. I've never had a chance to use it, but when I did that one time, the insurance company only paid me for 50 percent of my loss." So what good is insurance if they won't pay you what a loss costs?

Well, let's see if I can clarify this problem a little bit. All standard insurance policies are written on a basis called "actual cash value." Actual cash value means replacement cost less depreciation.

Depreciation depends on the age of your equipment or the age of your building. It can run as high as 40 or 50 percent. That's why insurance companies only pay 40 or 50 percent on your claims. There is a solution to that problem, and it is called a replacement cost endorsement. This means that the insurance company will pay you what it costs today in labor and materials to replace the equipment or building.

It's easy to add a replacement cost endorsement to your policy, and it won't cost you anything. Simply replace the words "actual cash value" in your policy with the words "replacement cost."

Make sure, however, that the limits of your replacement costs are sufficient to cover any losses you may have. Let me illustrate this point. Let's assume that your restaurant building is worth $200,000 and that you had a 25 percent loss to the building. That loss would amount to $50,000. Now if the replacement cost limit you carry on your policy is $100,000, then you're carrying one half of your loss and will only be awarded $25,000 (instead of $50,000). This makes you a partner in this loss.

So make sure you're properly insured. You're not fooling anybody if you're under-insuring yourself. When the adjustors and appraisers come to handle a loss, I can assure you that they're looking for exactly this type of situation.

The best way to determine what limits you should carry on a building is to hire a certified appraiser. As far as your equipment replacement costs are concerned, contact your suppliers. They can come to your restaurant and estimate what your equipment would cost in today's market. As far as your plumbing, electrical work, carpeting, carpentry and other labor-intensive items are concerned, a general contractor can give you a fair evaluation.

If you take all of that information and put it together and you give it to your insurance agent to forward to the insurance agency, it's on record. And then if a loss does occur, you've not only proved that it actually happened, but you also have assured that your limits are up to date.

To keep those limits in line with inflation, you can add an "inflation guide endorsement." What this clause is really saying is that if you purchased a policy in January of a given year and you had adequate limits at that time, you would be covered in full at market rates in September if you suffered a severe loss at that time. In other words, you wouldn't be underinsured because of inflation.

How often should you review your policy. . .

Your agent should be sharpening your account each year. He shouldn't just renew your policy with the same company. He should take your risk to as many companies as he represents, whether it's two or three or four companies. He should give the same specifications to each company and present all quotations to you. You should then decide whether you want to keep or change your company. You may want to consider the premiums as well as the advantages of staying with a firm where you have a track record. You should definitely evaluate your policy at least once a year—just before renewal time.

ON THE HOUSE

Bread can be an effective merchandising tool

In this new column, NRA members have an opportunity to share their ideas, techniques and operation pointers with one another. To inaugurate the column, "On the House" focuses on breads, a staple of many restaurants. Other restaurant basics will be featured in the months to come.

You can do more with bread than just fill your sandwiches! It can demonstrate your creativity, set an atmosphere for the meal, promote your restaurant and—most importantly—please the customer without necessarily adding a great deal of cost to your operation.

Choose the bread that's right for you. . .

There are many ways to choose a bread. You can, for example, feature a popular favorite. According to a study by the Wheat Flour Institute, the top 10 breads in order of popularity are garlic bread, French bread, blueberry muffins, corn bread, crescents, soft rolls, cinnamon rolls, nut bread, Italian bread and sourdough bread.

Or you can tie the bread to your location, house specialty or ethnic dishes. Many restaurants in San Francisco serve the sourdough bread of Bay area fame. German restaurants often offer dark ryes and pumpernickel breads. Colonial restaurants sometimes serve a Southern favorite—spoon bread or Sally Lunn bread.

You can also choose to feature Armenian cracker breads, pocket or pita breads, bagels, croissants, salt sticks, date nut bread, kaiser rolls, eipe, challah—the bread types are as diversified as the restaurants themselves. There is no "proper" bread choice for a restaurant, except that the bread should be served with all the personal touches that make the guests feel welcome and special.

Many of our NRA members bake breads that have become quite popular. The pastry chef at Truffles in the Hyatt Regency in Chicago, IL, for example, serves lahvosh, an ancient form of Armenian bread, served during wine and cocktails. Baked at very high temperatures, lahvosh is simple and elegant and very much in keeping with the Truffles dining experience.

Corn fritters and blueberry and cherry muffins have become a trademark at Boders on the River, an NRA member in Mequon, WI. Boders has always been known for its enticing bread baskets, and nearly 100 fritters and 400 muffins are served warm each day. Another NRA member, Stephenson's Apple Farm in Independence, MO, has made a name for itself with its fresh muffins. The chocolate chip, orange and strawberry varieties are so good that people come back time after time!

Croissants are the house specialty at the two American Cafe restaurants located in Washington, DC. Just one of these large moist and airy croissants can become the ultimate bread feast—served plain, almond flavored or filled. Though these croissants are not complimentary, they are often requested as a side dish and form the base for many of the cafe's lunch and dinner entrees. An outside bakery owned by the American Cafe supplies the croissants and other foods fresh each day.

Serving the bread with eclat. . .

How the bread is served is often as important as the quality of the bread itself. The Wheat Flour Institute consumer study suggests that cold bread and paper, instead of cloth, napkins in the breadbasket make a bad impression. Many NRA members have developed distinctive ways to serve their breads. At the Hyatt Regency in Lincolnwood, IL, French bread is sliced in half at the salad bar, spread with herb-garlic butter and heated on a grill so that the wonderful smell of the herb

butter permeates the restaurant. Waiters come to the salad bar to fill up the breadbaskets—serving them immediately so that the bread is still warm and fresh.

Hiring a bread server can be an effective way to increase the perceived importance of the bread and save time for waiters to serve other food items. Mike Hurst of the 15th St. Fisheries and Boathouse in Ft. Lauderdale, FL, employs a "bread girl" who offers three kinds of homemade bread including sunflower wheat, rum raisin and salty rye.

All these NRA members bake their bread in-house, without a pastry chef or major changes in their daily operation. Restaurant kitchens are usually well-equipped to make yeast-risen breads, and quick breads or muffins are simple to produce.

There are alternatives to baking bread in-house, however. Frozen breads are a popular solution. They can eliminate much of the required labor and can even be personalized. *Food Service Marketing* in 1979 offered suggestions for making creative additions to frozen breads by adding herbs and spices such as sesame seeds, caraway seeds, fennel seeds, dill, onion powder and ginger.

Bread in a people bag. . .

Even after the diners leave, bread can be a profitable merchandising tool. NRA member Don Roth of the Blackhawk restaurant in Chicago, IL, said that his foodservers encourage diners to take home bread in a "people" bag designed with the Blackhawk name.

Other restaurants, which feature a regional specialty or a popular trademark, sometimes sell their bread as a souvenir. This can add another dimension to your restaurant business. A good example of a successful sales venture is the American Cafe which sells its famous croissants.

If you need a recipe for a bread product, don't forget NRA's Information Service and Library. It has countless recipe books. The accompanying box, with recipes tested by the American Culinary Institute, can also suggest ideas for your operation.

Recipes

Holland-Dutch topping to transform plain dough to signature item (developed by NRA instructor Ed Bradley and tested by Culinary Institute of America)

14 oz. rice flour
1 oz. sugar
1½ oz. shortening or butter
½ oz. salt
1½ oz. yeast
1 quart lukewarm water

Put first four ingredients in a container. Add 1½ oz. yeast (dissolved in 1 quart lukewarm water) to dry ingredients, and stir into a paste.* Let the mixture rise.

Take any ordinary white dough (frozen dough may be used) and spread raised mixture on top. Bake as usual. This gives the bread or rolls a crispy effect and creates a signature item.

*If paste is thick, the topping will resemble corn flakes. *If paste is thin, the topping will give the bread a crispy coating.

Mixture may be refrigerated and used the next day.

Last month the Culinary Institute of America opened American Bounty, its new restaurant, with an unusual ribbon-cutting ceremony: a ribbon made of pretzels was cut with a chef's knife. The following bread recipe, developed and tested by George Metropolis, is part of the new restaurant's repertoire.

Cottage dill bread or rolls

3 lbs. cottage cheese
4½ oz. sugar
1½ oz. chopped onions
3 oz. soft butter
1 oz. salt
1 oz. fresh dill
¼ oz. baking soda
6 oz. whole eggs
3 lbs., 12 oz. bread flour
5 oz. yeast
12 oz. water

Mix first eight ingredients together with a paddle. Add 5 oz. of yeast (dissolved in 12 oz. of water) and 3 lbs., 12 oz. of bread flour to mixture. Mix for 7 minutes. Allow the mixture to ferment for approximately 30-45 minutes. Scale into your 2 lb., 4 oz. loafs or one-oz. pieces for individuals rolls, and round by hand into balls. Proof them until double in size. Bake at 360 degrees for approximately 10-12 minutes or until golden brown. Brush with melted butter, and add a pinch of salt while loaves are still hot. *Yield:* 4 loafs or 12 dozen rolls.

Oregon hazelnut bread (developed by the Oregon Filbert Commission and tested by Culinary Institute of America)

2 lbs. toasted chopped hazelnuts or filberts
8 oz. whole eggs
2 lbs., 3 oz. brown sugar
10 oz. salad oil
2 lbs., 12 oz. buttermilk
3 lbs., 12 oz. pastry or cake flour
2 lbs., 4 oz. whole wheat flour
1¼ oz. baking powder
½ oz. baking soda
1¼ oz. salt

Beat eggs with wire whip until light in color. Add brown sugar and continue beating. Add salad oil and continue beating. Add buttermilk and blend in.

Sift together all dry ingredients, and stir into mixture until blended. Add the hazelnuts last. Scale (divide) into one-lb. loaf containers, and bake at 370 degrees for 45 minutes. (If the mixture appears dry, add more buttermilk.) *Yield:* 14 one-lb. loaves.

Foodservice instructor returns to the kitchen

Donning a chef's hat and apron, Charlotte Schwyn, foodservice instructor at San Joaquin Delta College in Stockton, CA, stayed in the kitchen this past summer to chop onions, grate cheese, blanch vegetables, filet fish and blend dessert sauces.

Schwyn was one of 32 participants in this year's NRA/NIFI Teacher Work-Study Grant Award program. The grants are awarded on a competitive basis to teachers and administrators involved in foodservice career education to enrich their knowledge of the industry.

Schwyn worked at Le Bistro Restaurant in Stockton, CA, for eight weeks learning the four cooking stations in the kitchen, from pantry work to a stint as sous chef. "The owners answered tons of questions," she said. "They made a conscious effort to move me through the ranks and let me experience all aspects of the kitchen."

Working ten hours a day, five days each week, Schwyn was on the job every summer weekend. "In the foodservice business, weeks are geared for the heavy Friday and Saturday production, which contrasts with the academic world," she explained.

Schwyn's duties during the first weeks consisted of making salads, desserts and appetizers. Later she assisted in the buying and preparation of meat and fish supplies. She filleted salmon and trout, prepared swordfish and halibut and boned veal loins. "Some of these items cost more than $100 each," she exclaimed. "This experience would be very expensive to attempt at home or in college experiments."

The next station along the way to sous chef was the position of back-up person. The back-up person helps the cook prepare sauces and other dishes as needed, calls off orders to the other stations, adds any last-minute touches to entrees and then assembles the meals, such as placing fish in a cream sauce or arranging vegetables on each plate. "The power of the kitchen was in the position of the chef, but I felt that there was a greater challenge for the back-up person since that position controlled the tempo of the kitchen," she observed.

During the last three weeks, Schwyn was given the responsibility of sous chef. "I handled that position well, even on Friday and Saturday nights," she said. "Of course, I had plenty of help. The other employees in the

kitchen were all male, and ranged in age from 19 to 30. As a 45-year-old female, I know it was a challenge for the kitchen to accept me. But they were all very gracious and made me feel welcome. I saw firsthand how important it is to have a team effort in the kitchen."

"Without the NRA/NIFI practical experience, I would still be a novice in the world of quantity food production instruction," she added. "Every foodservice instructor should take advantage of this wonderful opportunity. It opens your eyes to the way business is actually conducted in the industry." For information on NRA/NIFI grant opportunities for next year, see the "At your service" column on page 28.

Photo to left: As part of her eight-week training in food preparation, Charlotte Schwyn (R), a 1982 recipient of the NRA-NIFI Teacher Work-Study Grant Award, receives hands-on-instruction in fish preparation from Rick Dunn, chef/owner of Le Bistro Restaurant in Stockton, CA.

Monograph on vocational education

This December, at the annual meeting of the American Vocational Association in St. Louis, the California, Massachusetts, Michigan and New Mexico state restaurant associations will discuss their highly regarded programs in the area of quality vocational education. Their presentations will become the basis for a monograph to be prepared by the NRA/AVA Advisory Council in Foodservices.

The council was created jointly in 1980 by the National Restaurant Association (NRA) and the American Vocational Association (AVA). By the end of the last decade, it became apparent that the lack of meaningful curricula to meet the needs of the foodservice industry was a national problem and that educators and vocational counselors were not aware of the opportunities for career development in the foodservice industry. The council was created to address those needs. Workshops and other how-to education programs have resulted from the council's activities.

"Effective programs and their 'products'–students who are well-prepared for jobs—have developed from industry/educational communication and collaboration," says the council's new chairwoman Nancy Dini of Dini's Sea Grill in Boston. "To work with students to establish and upgrade foodservice education programs has proven to be good business for restaurateurs. Whether motivated by a concern for the quality of training provided for future employees, a desire to help young people or interest in ensuring that a school system spends its money wisely, foodservice people have found participation in foodservice education meaningful."

Students test their foodservice skills

Last summer more than 2,300 students, enrolled in trade and industrial vocational schools, assembled in Louisville, KY, to test their skills in 28 selected occupational fields, including the commercial food trades. This event is called the U.S. Skills Olympics and was sponsored by the Vocational Industrial Clubs of America (VICA), an organization committed to improving the quality of America's goods and services.

Each contest was carefully planned by a technical committee made up of representatives from labor and management. This committee developed the projects included in the contest, organized necessary equipment and obtained qualified individuals to act as judges.

Working within a time limit to complete projects and solve problems related to tasks they will later encounter on the job, students demonstrated their competence and ability under the watchful eye of expert judges from their respective fields.

In the commercial food trades contest, the contestants were required to prepare a five-course menu which included corn chowder, carrot salad, baked stuffed potatoes, buttered broccoli and apple turnovers.

Professional chefs from the Louisville area judged the contestants on the basis of accuracy and workmanship, including the proper use of tools and equipment, as well as their ability to read and understand directions and to apply basic culinary theory and procedures. Speed of performance and proper safety practices were also significant factors in the judging process.

NRA Chicago Division Head Dick Gaven, a member of the commercial food trades technical committee, believes that the Skills Olympics is an exciting educational event. "The entire atmosphere generates involvement and dedication. It's a great service to the students and to the future." For information on next year's Skills Olympics, contact VICA at (703) 777-8810.

The Vegetarian Gourmet Cookbook

Special offer

The Vegetarian Gourmet Cookbook

FP 990; sale price $19.95 (regular price $29.95)

For those who have never tried cooking without meat this recipe book contains well-tried favorites such as nut roasts, wholegrain pastas and marvelously warm and filling soups. For those who are already confirmed admirers of the vegetarian way of life, you'll find mouth-watering easy to follow recipes guaranteed to enhance your eating pleasures.

The Vegetarian Gourmet Cookbook is, however, more than just another cookbook with the accent on meatless food. It provides a comprehensive nutrition guide to healthy eating without meat and menu ideas for well-balanced, delicious vegetarian feasts. It contains over 400 recipes.

Order now, sale price $19.95 each.

Company name ____________
Contact name ____________
Address ____________
City/State/Zip ____________

Offer expires December 1, 1982.

Quantity	Catalog number	Price

Subtotal ____________

- DC and IL residents add 6% sales tax
- U.S.A. please add 10% shipping and handling charges
- International add 20%

TOTAL ____________

For cash orders

Payment must accompany all orders less than $50.
Make checks payable to the National Restaurant Association.
My check in the amount of $ ____________ is enclosed.

For credit card orders

My credit card ☐ VISA ☐ MasterCard
☐ American Express
☐ Diners Club

____
card #

Signature ____________
Expiration date ____________ month ____________ year

AT YOUR SERVICE

Education questions are most popular

Foodservice education comprised 10 percent of the total number of questions posed to NRA's Information Service & Library in 1981. The following is a sample of the more than 700 questions NRA staff answered on the topic of foodservice training.

Q: Is there a directory of higher education programs for foodservice management?

A: NRA and the National Institute for the Foodservice Industry (NIFI) have compiled pamphlets listing junior community and senior college programs in hotel, restaurant and institutional management. These pamphlets are available from the National Restaurant Association, 311 First Street, N.W., Washington, DC 20001; or the National Institute for the Foodservice Industry, 20 N. Wacker Dr., Chicago, IL 60606.

Q: Are there scholarships earmarked for foodservice educators?

A: Two foodservice management fellowships and grants are available to teachers and administrators of foodservice-career education programs. They are:

NRA/NIFI teacher work-study grants. Awarded on a competitive basis, they provide hands-on work experience in the foodservice industry that is designed to enrich recipients' knowledge of the industry and to increase their capability to relate that knowledge to students. The grant supplements income earned during work-study employment.

25 grants for $2,000 each
Supported by
National Restaurant Association

Applications and supporting documents postmarked no later than November 1, 1982.

NIFI-HEINZ graduate degree fellowships. These fellowships are awarded on a competitive basis to teachers and administrators enrolled in academic programs leading to a master's or doctor's degree to improve their skills in teaching foodservice courses or administering foodservice career education.

One fellowship—$2,000
One fellowship—$1,200
Five fellowships—$1,000 each
Supported by
H.J. Heinz Company Foundation

Applications and supporting documents postmarked no later than April 1, 1983.

Q: Has the number of students pursuing degrees in foodservice management increased over the past few years?

A: According to a recent survey by NRA and NIFI, 73 colleges and universities, offering degrees in hotel, restaurant and institutional management, granted 2,289 degrees in 1979. In 1980, 84 schools graduated 3,674 students. Projections indicate that between 1980 and 1983 this number will increase by 54 percent.

Q: What is the employment outlook for the foodservice industry in the 1980's?

A: According to the Bureau of Labor Statistics (BLS), employment in food service occupations is projected to increase 39.5 percent between 1978 and 1990. The percent increase for managers of restaurants, cafeterias and bars is expected to increase 30.3 percent from 1978 to 1990.

For more information on any of these topics, contact the information service & library at the National Restaurant Association, (800) 424-5156.

FOODSERVICE TRENDS

Reasons for dining out for selected demographic segments

This article highlights some important results from a November 1981 NRA study "How Consumers Make the Decision to Eat Out"—since published as a report by NRA.*

NRA commissioned Westat, a research firm, to conduct a telephone survey that asked consumers:

- **Why they dine at different types of restaurants**
- **How they make the decision to eat at various restaurants**
- **What attributes are important to them when they choose a restaurant.**

The types of restaurants discussed included fast food places, family restaurants and atmosphere establishments.

Answers to survey questions varied by demographic characteristics, such as marital status, income and employment. A closer look at the data may be helpful to restaurant operators who are looking at their customer traffic patterns, designing advertising copy and developing promotions.

Upper income households likely to dine out for lack of time and convenience reasons. . .

When individuals from households earning more than $30,000 are pressed for time, they tend to eat at fast food and family restaurants. Convenience is another key reason for choosing these restaurant types. On the other hand, when they want a night out or want to celebrate a special occasion, they choose an upscale restaurant.

Nearly four out of 10 individuals from households earning more than $30,000 reported lack of time was the primary reason for dining at a fast food place, and an additional 35.9 percent mentioned convenience. In the case of family restaurants, 34.9 percent of those interviewed cited convenience as the primary reason for eating out and 17.7 percent indicated lack of time.

Four out of 10 consumers from this demographic group selected an atmosphere restaurant because they wanted to celebrate a special occasion, and two out of 10 did so because they wanted a night out. However, a relatively large proportion of respondents from upper income households (15.1 percent) went to an upscale eating establishment because it was convenient or because of lack of time.

When these patrons eat out, they tend to look for different things depending on their reason for dining away from home. Because a meal at a fast food place is associated with time and convenience factors, upper-income patrons seek a conveniently located restaurant that serves good food quickly. Such attributes as atmosphere and variety of menu items are not particularly important factors when choosing a fast food restaurant.

A large number of people from households with upper incomes cited convenience and lack of time as reasons for going to family restaurants, but additional attributes also were important in choosing a family restaurant. These patrons looked for good food and a convenient location as well as atmosphere and friendly service when they made their family restaurant selection.

Most occasions at atmosphere restaurants for upper-income households are associated with celebrating a special event or enjoying a night on the town. As a result, these patrons select a restaurant with good food, friendly service and atmosphere—factors that enhance the dining experience. Attributes, such as convenient location or convenient parking, are not particularly important.

Working wife households eat out because it is convenient. . .

Households with a working wife or mother are likely to eat at all three types of restaurants because it is convenient or they lack time. Because of significant time demands on the wife or mother, these households tend to view eating out as a necessity. Time considerations are the major reason why families with working wives eat at fast food places. Convenience, on the other hand, is a decisive factor in why they dine at family restaurants and is of considerable importance in making the decision to go to upscale establishments.

Forty-five percent of respondents from households with a working wife or mother said their primary reason for going to a fast food restaurant was lack of time, and an additional 27.4 percent mentioned convenience. On the other hand, more of these patrons (24.0 percent) said convenience plays an important role in why they eat at family restaurants than does lack of time (mentioned by 15.9 percent of the respondents.)

---

*NRA's consumer study, **How Consumers Make the Decision to Eat Out,** is available from the NRA Educational Materials Department, 311 First Street, N.W., Washington, DC 20001 or by calling toll free (800) 424-5156. The price is $25 for members and $45 for non-members. (Please specify order number CS 960.)

Celebrating special occasions or simply enjoying a night out were most often cited by these families as reasons for dining at upscale restaurants. However, nearly two out of 10 (17.9 percent) reported that their primary reason for dining at an atmosphere restaurant was because it was more convenient to do so.

When people from families where the wife or mother works dine out, they want fast food restaurants to have good food and fast service and to be conveniently located because they are in a hurry. Although good food is also important when choosing a family restaurant these patrons also expect friendly and courteous service and pleasant surroundings. Occasions at this restaurant type are often associated with celebrating a special event, and, as a result, these individuals want to enjoy a more relaxed meal than one normally associates with a fast food restaurant.

Because more than half the meal occasions at upscale eating establishments for this demographic group are to celebrate a special event or to enjoy a night out, it is not surprising that the respondents look for upscale restaurants that have good food, atmosphere and friendly service.

Singles choose fast food restaurants because of convenience. . .

Singles are more likely to go to fast food places because of convenience than because of lack of time, contrary to the pattern for most demographic groups. Thirty-six percent of the singles interviewed reported that their primary reason for eating at fast food restaurants was due to convenience, compared with a significantly lower (28.3 percent) who indicated lack of time.

Top five attributes of various restaurant types by demographic characteristics

Fast Food Restaurant

Single	Married/ no children	Working wife or mother	Households earning $30,000 or more
Quality of food	Quality of food	Quality of food	Quality of food
Friendly service	Fast service	Convenient location	Convenient location
Fast service	Friendly service	Fast service	Fast service
Convenient location	Convenient location	Friendly service	Friendly service
Nutritious food	Convenient parking	Convenient parking	Convenient parking

Family Restaurant

Single	Married/ no children	Working wife or mother	Households earning $30,000 or more
Quality of food	Quality of food	Quality of food	Quality of food
Friendly service	Friendly service	Friendly service	Friendly service
Atmosphere	Atmosphere	Atmosphere	Convenient location
Nutritious food	Convenient parking	Nutritious food	Atmosphere
Expected cost of total meal	Nutritious food	Variety of menu items	Variety of menu items

Atmosphere Restaurant

Single	Married/ no children	Working wife or mother	Households earning $30,000 or more
Quality of food	Quality of food	Quality of food	Quality of food
Atmosphere	Atmosphere	Atmosphere	Friendly service
Friendly service	Friendly service	Friendly service	Atmosphere
Variety of menu items	Convenient parking	Nutritious food	Nutritious food
Nutritious food	Nutritious food	Variety of menu items	Variety of menu items

Source: *How Consumers Make the Decision to Eat Out*, National Restaurant Association, August 1982.

Convenience is also a prominent reason for dining at a family restaurant for this segment of the population. Seventeen percent of the single respondents cited this reason, more than twice as many who indicated lack of time. In addition, 17.7 percent of these patrons reported that they chose a family restaurant when they wanted to celebrate a special event.

Most singles (48.5 percent) go to atmosphere restaurants when they celebrate a special occasion, such as a birthday or a job promotion.

Singles select fast food places that are conveniently located, serve good food and have friendly service (in contrast to other groups that place a higher premium on fast service).

Singles choose family restaurants that serve good food, have friendly service and a pleasing atmosphere. In addition, they are more concerned with the expected cost of the meal at this type of restaurant than are individuals from most other demographic groups.

The attributes which singles believe are important for atmosphere restaurants correlate with their primary reason for dining at this type of establishment—a celebration. They therefore look for quality food, a pleasing atmosphere and friendly service.

Married couples eat out often because of convenience . . .

Married couples with no children tend to dine at fast food restaurants because of lack of time, at family restaurants because of convenience and at upscale eating establishments to celebrate a special occasion or enjoy a night out.

More than one-third of the respondents from married couple/no children households reported that time considerations are the primary reason for going to a fast food place, and an additional 23.7 percent cited convenience as the main reason. Convenience is a much more prevalent reason for choosing family restaurants than is lack of time—26.6 percent versus 12.1 percent. Nearly four out of 10 of these patrons said they go to an atmosphere restaurant to celebrate a special occasion and one out of 10 go when they want a night out. On the other hand, 13.7 percent of the respondents from this household type indicated that their primary reason for dining at an upscale restaurant is convenience.

The restaurant attributes that individuals from married couple households consider necessary for each of the three types of eating places closely correlate with their reason for dining away from home. Fast food restaurants should offer good food quickly. Friendly service is a plus as are convenient location and convenient parking.

Married couples prefer family restaurants that offer good food, friendly service and a pleasing atmosphere. Although these individuals often dine at this type of restaurant because of time or convenience considerations, they also want a pleasant dining experience in comfortable surroundings. Because most upscale restaurant occasions for this demographic segment are associated with a celebration, these patrons will select a restaurant which is known for its good food, pleasing atmosphere and friendly service.

For additional information on the decision to eat out, consult NRA's report, "How Consumers Make the Decision to Eat Out."

Primary reason for dining at various restaurant types by demographic characteristics

Percent indicating

	Fast food restaurant					Family restaurant			Atmosphere restaurant			
Reason	**Single**	**Married/no children**	**Working wife or mother**	**Households earning $30,000 or more**	**Single**	**Married/no children**	**Working wife or mother**	**Households earning $30,000 or more**	**Single**	**Married/no children**	**Working wife or mother**	**Households earning $30,000 or more**
Lack of time	28.3%	36.5%	45.2	37.5%	8.0%	12.1%	15.9%	17.7%	5.1%	—	2.3%	5.0%
Convenience	36.2	23.7	27.4	35.9	17.4	26.6	24.0	34.9	9.4	13.7%	17.9	10.1
Out shopping	17.5	8.5	6.0	7.8	15.6	7.0	4.3	3.7	5.8	—	2.1	2.1
Traveling	1.8	7.6	5.1	5.7	3.8	6.0	4.5	8.8	—	3.1	0.7	3.2
Special occasion	0.7	2.4	2.2	0.6	17.7	14.5	21.9	9.4	48.5	37.6	32.5	38.9
Date/night out	0.7	1.3	0.7	0.9	9.9	4.4	5.7	5.9	12.4	10.7	22.5	20.4
Business meeting	—	0.4	0.4	0.3	—	0.6	1.1	—	—	4.5	4.4	3.9
All other reasons	11.0	17.8	12.9	9.4	20.4	24.7	19.6	16.2	13.0	20.8	11.8	11.0
Do not know	3.8	1.8	0.1	2.1	7.1	4.1	3.1	3.2	5.8	9.8	5.9	5.6

Source: *How Consumers Make the Decision to Eat Out*, National Restaurant Association, August 1982.

Consumer Analysis:

How consumers rate restaurant food quality and service

Food quality and good service are the most important criteria when customers select a restaurant.

According to results of a recent NRA study *How Consumers Make the Decision to Eat Out*, more than eight out of 10 respondents indicated that the quality of food served was the most important consideration when choosing a place to eat, and three-fourths said friendly service was an important factor. (For more information on this study see the article "Reasons for dining out for selected demographic segments," which begins the "Foodservice Trends" section in this issue.)

Since food quality and service are the most important components of the dining experience, NRA sought further information on how consumers rate these characteristics at restaurants they frequent. A question was included on the March Gallup survey on the service received at restaurants and on the June Gallup survey on the quality of food served.

Consumers interviewed for the *March Gallup Monitor of Eating Away from Home**, who indicated they had eaten out the previous day were asked, "Using a scale of one to 10, where 10 represents excellent service and one represents very poor service and the numbers in between represent varying degrees of satisfaction—where on the scale would you rate the service you received?" Consumers interviewed for the June Gallup survey were asked the identical question, but food quality was substituted for service. Responses to both questions form the basis of this article.

Service rates higher than food quality. . .

Overall, restaurant patrons are satisfied with the quality of food served and the service they receive when dining away from home. However, food quality does not rate as high as service. A larger proportion of respondents—24.1 percent—rated the service they received at their last restaurant meal as "excellent;" 13.7 percent gave the same rating for the quality of food served.

Almost half, 47.2 percent, gave food quality a "good" rating, slightly lower than the proportion for service—51.1 percent. On the other hand, food quality was judged "poor" or "very poor" by only 4.1 percent of the individuals interviewed while the corresponding rating for service was mentioned even less frequently—by 3.2 percent of respondents. (NRA will be investigating exactly what consumers mean by food quality—taste, appearance, method of preparation—in a new consumer survey which will be released later this year.)

Food quality and service ratings vary by sex, age and income level. . .

Food quality and service ratings vary by demographic characteristics such as sex, age and income level. Analysis of the data reveals that women are more inclined than men to give an excellent rating for both the quality of food served and the service they receive at restaurants. Sixteen percent of the female respondents indicated that the quality of food served at

---

*The Gallup Monitor of Eating Away from Home *is conducted monthly and tracks trends in eating out behavior for the U.S. population. Telephone interviews are conducted with approximately 1,000 adults 18 years of age and older. Respondents are asked to report on all meals eaten at a restaurant, fast food establishment or any other place where food was purchased, such as a lunchroom or cafeteria at work or school on the previous day. Specifically, individuals are asked to report on which meal occasion they ate out, the type of restaurant visited and which day of the week the visit occurred. The interviewing for NRA's food quality question took place between June 4-17, 1982. The interviewing for NRA's service-related question took place between February 26 and March 14, 1982. For a detailed look at how restaurant patrons rate the service they received at restaurants, see the "Foodservice Trends" section in the May 1982 issue of NRA News.*

Food quality and service ratings by sex

	Total respondents		Men		Women	
Rating	**Food Quality**	**Service**	**Food Quality**	**Service**	**Food Quality**	**Service**
Excellent	13.7%	24.1%	11.8%	18.9%	16.2%	30.6%
Good	47.2	51.1	49.2	56.9	44.4	43.9
Fair	33.2	20.5	33.1	19.7	33.1	21.6
Poor	3.4	2.4	3.2	3.0	3.6	1.6
Very poor	0.7	0.8	0.2	1.0	1.3	0.5

their last restaurant meal was excellent and a considerably larger proportion—30.6 percent—gave service this same rating. This compares with 11.8 percent and 18.9 percent, respectively, for male respondents.

Individuals from all age groups, with the exception of those between the ages of 18 and 24, rated the service received in restaurants higher than the quality of food served, as shown in the accompanying table. However, almost 65 percent of respondents in the 18 to 24 age segment reported that the quality of food served at their last meal out was excellent or good, compared with a slightly smaller proportion, 61.3 percent, giving service this same rating. Food quality received a large number of "fair" ratings from respondents in the middle age groups. Thirty-nine percent of those between the ages of 25 and 34 and 36.9 percent of those between the ages of 35 and 49 rated food quality as fair. In contrast, the majority of respondents in these two age segments rated service in restaurants as good.

Service received the highest rating from persons in the 65 and over age group—88.7 percent indicated it was excellent or good while 68.9 percent gave food quality this rating.

Individuals from all income levels rated the service received in restaurants considerably higher than the quality of food served. Food quality was rated highest by respondents in the lower income group while service was given the highest marks by persons from households earning $15,000 to $19,999. Sixty-three percent of respondents from households earning less than $15,000 indicated the quality of food served at their last meal out was excellent or good while a somewhat larger proportion of these individuals—72.5 percent—gave service this same rating.

Eight out of 10 people from households earning $15,000 to $19,999 indicated the service at their last restaurant meal was excellent or good versus only 55.2 percent giving food quality this same rating.

People from upper income households rate service at restaurants considerably higher than they do food quality. Six out of 10 individuals from households earning $20,000 to $29,999 and $30,000 and over indicated the quality of food served was excellent or good while a larger number of respondents from these income groups—eight out of 10—gave service this rating.

Although most consumers from lower and upper income groups are pleased with quality of food served at restaurants, a significant number rated it as poor or very poor. Eight percent of individuals from households earning $15,000 and under and 6.2 percent of those from households with an income of $30,000 and over reported that the quality of food served at their recent restaurant meal was poor or very poor. In contrast, only 3.9 percent of individuals from households earning less than $15,000 and 2.9 percent of those in the $30,000 and over income category rated service as poor or very poor.

Infrequent patrons view food quality and service more favorably. . .

Individuals who eat out only once a week are more inclined to view restaurant food quality and service as excellent than are more frequent restaurant patrons. Nearly one-fourth of respondents who eat out an average of once a week judged the quality of food served and the service they received at their last restaurant meal as excellent. Almost one out of 10 individuals who eat out less than once a week rated food quality as excellent. However, a significantly larger proportion of these infrequent restaurant patrons—38.5 percent—said the service at their recent restaurant meal was excellent.

Respondents indicating they eat out at least twice a week rated service higher than food quality. Nearly one-fourth of these individuals stated the service they received at their last restaurant meal was excellent versus only one out of 10 who felt the food quality deserved this rating.

Adult-oriented restaurants have highest food quality rating. . .

Food quality and service at upscale restaurants received similar high marks. Twenty-two percent of patrons who ate their last meal out at adult-oriented restaurants said the quality of food served was excellent. Almost the same number—21.4 percent—gave this rating to the service they received. The

Food quality and service ratings by age group

	18-24		25-34		35-49		50-64		65+	
Rating	Food quality	Service	Food quality	Service	Food quality	Service	Food quality	Service	Food quality	Service
Excellent	6.9%	10.3%	8.8%	21.9%	18.5%	16.2%	17.6%	43.1%	18.9%	48.6%
Good	57.7	51.0	43.9	57.5	36.5	55.5	56.8	43.8	50.0	40.1
Fair	31.1	34.6	39.2	18.1	36.9	23.5	23.2	8.2	27.1	5.7
Poor	4.3	2.0	3.6	2.2	5.2	3.9	1.6	3.8	—	—
Very poor	—	2.1	—	—	1.0	0.4	—	—	4.1	2.9

Food quality and service ratings by restaurant type

Rating	Family		Fast food		Cafeteria		Adult-oriented (Upscale)	
	Food quality	Service	Food quality	Service	Food quality	Service	Food quality	Service
Excellent	15.8%	28.4%	6.7%	20.9%	17.9%	20.0%	22.4%	21.4%
Good	50.9	51.6	48.6	30.8	32.0	50.0	43.3	58.0
Fair	31.6	14.4	38.9	24.8	42.3	25.6	19.4	20.5
Poor	1.3	3.6	4.6	0.8	7.6	3.3	4.5	—
Very poor	—	1.5	0.4	0.8	—	—	—	—

percentages diverged in the "good" rating. Food quality was ranked good by 43.3 percent of the respondents, while 58.0 percent gave service this rating. When it came to poor or very poor ratings at upscale restaurants, food quality received these low marks by 4.5 percent of the respondents. Service received no poor or very poor ratings.

Service was judged highest at family restaurants, with 28.4 percent of respondents rating it as excellent. Food quality at this restaurant type, on the other hand, received an excellent rating by only 15.8 percent of the respondents. Although service was rated highest at family restaurants, a significant number of patrons—5.1 percent—indicated it was poor or very poor, while only 1.3 percent gave food quality this rating.

The proportion of individuals rating service at fast food restaurants as excellent was significantly larger than those giving this rating to food quality—20.9 percent versus 6.7 percent. In addition, food quality was judged poor or very poor at this restaurant type by 5.0 percent of the patrons while only 1.6 percent gave service this same rating. Consumers may settle for what they consider lower food quality at fast food restaurants because their primary reason for visiting this type of restaurant is convenience and fast service.

Diners rate food quality highest at dinner. . .

A look at food quality and service ratings by meal occasion reveals that diners appear more satisfied at dinner with both the quality of food served and the service received. Sixteen percent of individuals interviewed indicated the quality of food served when they last ate out for the evening meal was excellent and almost half, 54.1 percent, rated it as good. The corresponding proportions for service are 24.9 percent and 53.3 percent. These figures are not surprising since dinner is usually eaten at family restaurants and atmosphere restaurants where many respondents rated food quality and service as excellent or good.

Service also received higher ratings than food quality at both breakfast and lunch. A large number of these meals are probably consumed at fast food restaurants, which explains the emphasis on service. Fourteen percent of individuals indicated the quality of food served at breakfast was excellent while 49 percent rated it as good. Service at this meal period was rated excellent by 20.7 percent of respondents and good by 59.7 percent.

Consumers appear to be least satisfied with the service and quality of food at lunch. This meal period had the smallest numbers of respondents—11.9 percent—indicating food quality was excellent and the largest number—5.5 percent—rating it as poor or very poor. Those rating service as excellent was lower than the average for all respondents and more respondents rated luncheon service as poor. Twenty-three percent indicated that the service they received at this meal period was excellent and about four percent rated it as poor or very poor.

Food quality and service ratings by meal period

Rating	Breakfast		Lunch		Dinner	
	Food Quality	Service	Food Quality	Service	Food Quality	Service
Excellent	14.0%	20.7%	11.9%	23.3%	15.7%	24.9%
Good	49.0	59.7	39.9	48.2	54.1	53.3
Fair	31.0	14.9	40.5	23.1	27.1	19.2
Poor	4.0	4.6	3.9	3.0	2.2	1.0
Very poor	—	—	1.6	0.9	—	0.6

CREST reports on menu product positioning

Highlights

- **French fries are the most popular menu item, ordered by almost half of all patrons. Usually, french fries accompany hamburger orders. In fact, they are included with half the orders for this entree.**
- **Hamburgers are the most popular entree. Approximately three out of 10 restaurant patrons order hamburgers at least once in an average two-week period.**
- **Soft drinks are the most frequently ordered beverage. Forty-seven percent of all CREST families ordered this item—usually with a hot dog or hamburger entree.**
- **Hamburger orders are more likely to include a side dish and other menu items than are other sandwich entrees within the fast food segment.**
- **Side dishes are included with most entree orders at non-fast food restaurants and are ordered most often with steak or beef.**

Restaurant operators have been putting increased emphasis on new menu items over the past several years in an effort to boost sales. New items have been aimed at increasing customer traffic, attracting new customers and building repeat visits among existing patrons.

To help restaurant operators determine which menu items are most popular, at what times and in what combinations, CREST completed a study on menu product positioning.

CREST analyzed how often various food items were ordered as well as which side dishes, beverages and desserts were likely to be ordered with various entrees. The survey revealed that hamburgers and french fries are the most popular menu items in the restaurant industry. It also found that order frequency for side dishes and other add-on menu items vary by restaurant type, entree ordered and meal period.

(For more information on menu product development techniques, please see the 'Foodservice Trends' section of the March 1982 *NRA News*.)

Hamburgers most popular entree. . .

Hamburgers are, by far, the most popular entree. Approximately three out of 10 restaurant patrons ordered this menu item at least once in an average two-week period. Steak and other beef products followed, ordered by 23 percent of restaurant customers. Consumers also showed a preference for fish, chicken and pizza entrees. Twenty-two percent of CREST families ordered a fish entree at least once in an average two-week period while chicken and pizza each were ordered by 21 percent. On the other hand, ham, pork and veal were the least purchased entrees—ordered by less than five percent of all patrons in an average two-week period. However, these items are not always available on restaurant menus.

French fries most popular menu item. . .

Overall, french fries are the most popular menu item in the restaurant industry. Almost half, 47 percent, of patron families ordered this item at least once in an average two-week period. Salads are also a popular side dish, ordered by 37 percent of all restaurant customers at least once in an average two-week period. In comparison, hamburgers, the most popular entree, were ordered by almost 30 percent of restaurant patrons. Baked or mashed potatoes were ordered by two out of 10 CREST families while onion rings, the least popular side dish, were ordered by only five percent.

Desserts are also popular menu items. Three out of 10 restaurant customers ordered a dessert at least once in an average two-week period, according to the CREST study. Ice cream proved as popular as all other dessert items—ordered by 17 percent of patrons. All dessert items other than ice cream were ordered by 16 percent of CREST families.

Soft drinks most frequently ordered beverage. . .

Soft drinks are the most popular beverage item in the restaurant industry. Forty-seven percent of all CREST families ordered a soft drink at least once in an average two-week period. Coffee follows at a distant second—ordered by 27 percent of restaurant customers. Alcoholic beverages were ordered less frequently than other beverages.

Side dishes most often accompany hamburgers. . .

Within the fast food segment of the industry, hamburgers are more likely to include a side dish than any other sandwich entree. Seven out of 10 hamburger orders included a side dish. Over half of the orders for roast beef, fish and chicken sandwiches included a side dish, but they accompanied only 40 percent of hot dog orders. As the fast food industry moves away from hamburgers as its primary menu item to other entrees, such as chicken sandwiches and salads, a lower incidence of side dish orders can be expected.

Most entree orders at non-fast food restaurants include a side dish. They usually accompany steak or beef entrees where they are included with 93 percent of orders. Fish, veal and chicken follow with nine out of 10 orders including a side dish. On the other hand, side orders are included less often with main dish salad—20 percent—and pizza—11 percent.

Beverages ordered most often with main dish salads and steak or beef entrees. . .

Beverages are ordered most often with main dish salads, fish sandwiches and hamburgers at fast food restaurants—eight out of 10 such orders included a beverage. However,

Frequency of entrees ordered that include another menu item at fast food restaurants

Entrees	Percent of orders including a Side dish	Beverage	Dessert
Fried chicken	74%	49%	4%
Hamburger	70	79	7
Roast beef sandwich	59	76	4
Fish sandwich	55	80	7
Chicken sandwich	54	68	7
Hot dog	40	77	6
Mexican food	10	68	5
Salad	8	82	3

Source: *CREST, NPD Research, Inc.*

only 49 percent of fried chicken orders included a beverage. This menu item is frequently ordered for take-out and may account for the lower incidence of beverage orders.

The CREST study revealed four out of five entree orders at non-fast food restaurants included a beverage. They are ordered most often with pasta, hamburger and steak or beef entrees— included with 88 percent of orders for each of these items.

Desserts more popular at non-fast food restaurants. . .

Desserts are more popular at non-fast food restaurants than at fast food restaurants. Overall, they are included with about one out of 10 entree orders at non-fast food outlets versus only six percent at fast food restaurants. However, the frequency seems to vary with the item ordered— as desserts are included with 25 percent of chicken orders but only nine percent of roast beef sandwich orders at non-fast food restaurants.

At fast food restaurants, desserts are most likely to be ordered with hamburgers, fish sandwiches and chicken sandwiches but are ordered less frequently with salads.

French fries ordered most often with hamburgers. . .

The incidence of ordering side dishes varies with the entree, according to CREST study findings. French fries are most popular with hamburgers—they were included on 50 percent of orders. They accompany roast beef sandwich orders much less often—22 percent.

Salads and baked or mashed potatoes were ordered most

Frequency of entrees ordered that include another menu item at non-fast food restaurants

Entrees	Percent of orders including a Side dish	Beverage	Dessert
Steak or beef	93%	88%	20%
Fish	92	87	15
Veal	91	76	24
Chicken	90	81	25
Pork	85	82	20
Ham	76	86	21
Hamburger	66	88	10
Pasta	63	88	16
Roast beef sandwich	56	83	9
Fish sandwich	50	85	10
Hot dog	41	85	12
Salad	20	81	9

Source: *CREST, NPD Research, Inc.*

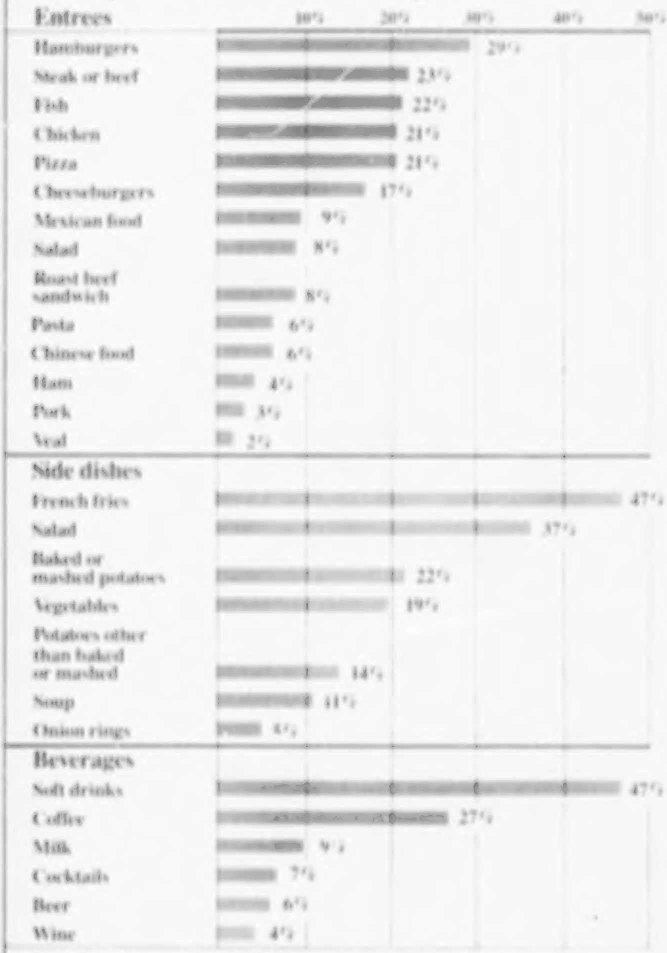
Frequency of ordering menu items by meal occasion

Menu items	Lunch	Supper	Other Meals*
Baked or mashed potatoes	28%	70%	2%
Alcoholic beverages	24	68	8
Salad	31	67	2
Vegetables	39	58	3
Onion rings	37	56	7
Soup	45	51	4
French fries	43	51	6
Tea	47	43	10
Soft drinks	46	39	15
Shakes	41	38	21
Milk	38	34	28
Coffee	32	31	37
Desserts	24	30	46

*Includes breakfast and snack periods

Source: *CREST, NPD Research, Inc.*

Frequency of ordering menu items



Note: Indicates percent of CREST families that ordered menu item at least once in an average two week period.

Source: *CREST, NPD Research, Inc.*

frequently with steak or beef entrees. Salads were included with 68 percent of orders for this menu item while baked or mashed potatoes accompanied 46 percent of the orders for steak or beef entrees. Salads also have a high incidence of accompanying fish, veal and pasta entrees. Vegetables and soup are the most popular side dishes with veal entrees. Vegetables were included with 47 percent of such orders while soup accompanied 17 percent.

Soft drinks popular with hot dogs and hamburgers. . .

Soft drinks are ordered most often with hot dogs and hamburgers—they were included on 53 percent and 39 percent of orders for these menu items. However, they are less popular with entrees such as steak or beef, fish, pork and veal. On the other hand, coffee is frequently ordered with veal, steak or beef and pork entrees, but is included least often with hot dogs.

Tea is the most popular beverage item with salad and pork entrees—included with two out of 10 orders. Alcoholic beverages accompany veal and fish entrees most often, included with approximately one-fourth of the meals.

Tea and soft drinks most popular lunch beverages. . .

Tea and soft drinks are the most frequently ordered beverages at lunch. Forty-seven percent and 46 percent of total orders for these beverages occurred at this meal occasion. Consumers also showed a preference for french fries, vegetables, onion rings, soup and shakes at the mid-day meal.

Baked or mashed potatoes have the highest order frequency at supper—70 percent. They are followed by alcoholic beverages at 68 percent and salads at 67 percent. Consumers also showed a preference for vegetables, onion rings, soup and french fries at the evening meal.

Coffee, milk and potatoes (other than baked or mashed and french fries) were preferred at breakfast while desserts had the highest order frequency at snack periods.

Commodity spotlight-price and availability forecast

During the first six months of this year wholesale food costs for restaurant operators have risen at a considerably faster rate than overall wholesale food prices. The NRA Food Cost Index averaged 2.8 percent higher in the first six months of this year, compared with a gain of only 0.8 percent for overall wholesale food prices. Higher prices for other meats, fish and shellfish, fresh fruit and beverages contributed to the rise in food costs for restaurant operators during the first half of this year. In addition wholesale food costs increased 0.6 percent in June from the month earlier while overall wholesale food costs are up at a slightly lower, 0.4 percent, rate. This report will spotlight food prices for the second quarter of 1982—April through June—and projections for the third and fourth quarters.

- **Beef:** Beef production totaled 5.4 billion pounds in the second quarter of 1982, down 1.6 percent from the same three-month period a year ago. However, USDA estimates output will rise in the second half of this year as larger feedlot placements are expected to boost grain-fed cattle marketings. Production is projected to rise 2.9 percent in the third quarter from the same period a year ago and 2.6 percent in the October-December period.

Prices for choice steer at Omaha averaged $70.50 per cwt in the second quarter—up 5.7 percent from $66.68 during the same three-month period in 1981. However, USDA predicts prices will fall somewhat during the second half of this year—averaging $66 to $70—due to larger grain-fed beef supplies.

- **Pork:** Pork production totaled 3.6 billion pounds in the second quarter—down 8.5 percent from the same three-month period a year ago. USDA projects output will continue to fall—down 12.6 percent in the third quarter and down 20.0 percent in the fourth quarter.

Pork prices rose considerably in the April-June period in response to the sharp drop in production as well as smaller supplies of poultry and beef. Prices averaged $56.50 per cwt in the second quarter—up 29.5 percent from $43.63 during the same period in 1981. USDA forecasts prices will continue to rise in the second half of this year due to lower stocks and production as well as little change in supplies of other meats. Prices are projected to average $57 in the third quarter—up 13.1 percent from $50.42 during the same period a year ago. During the October-December period, prices are projected to average $55—a gain of 29.0 percent from $42.63 during the same quarter a year ago.

Commodity Price Index

Percent Change

COMMODITY	1980-1981	June '81 June '82	6 mos. '81 6 mos. '82	May '82 June '82
Bakery products	8.3%	3.1%	4.4%	0.2%
Flour & cereal	-7.0	-6.5	-4.8	0.1
Beef & veal	-5.0	6.2	1.9	0.1
Other meats	-7.6	22.3	14.0	2.4
Pork	-11.5	19.9	14.8	2.1
Poultry & eggs	2.4	-7.5	-7.9	1.6
Poultry	nc	7.1	11.5	3.3
Eggs	9.2	-8.8	1.9	-3.0
Fish & shellfish	1.8	9.6	8.4	1.0
Sugar & sweets	-2.9	-3.1	-7.9	0.7
Sugar	13.6	2.9	12.6	1.4
Vegetables	22.6	2.8	-0.7	2.1
Fresh vegetables	27.1	0.2	6.8	2.8
Fruits & juices	4.1	3.3	7.9	-3.8
Fresh fruit	-5.2	5.6	10.9	9.6
Beverages	-2.3	4.6	5.2	-0.2
Dairy products	6.4	1.3	1.1	0.1
Fats & oils	2.1	0.9	-0.8	0.1
NRA Food Cost Index	3.0%	4.8%	2.8%	0.6%
All Food, Producer Price Index[1]	3.1%	2.7%	0.8%	0.4%

[1] Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

Sources: *Producer Price Index*, Bureau of Labor Statistics, NRA

- **Broilers:** During the April-June period, broiler production declined 1.5 percent from the same three-month period in the prior year. However, output is expected to increase during the second half of 1982, up one percent from 1981.

Broiler prices averaged 45 cents per pound in the second quarter—down 3.6 percent from 46.7 cents per pound in the same three-month period last year. USDA predicts broiler prices will strengthen during the second half—averaging 47 cents to 54 cents per pound due to significantly smaller pork supplies and an improving economy.

- **Fruit:** Wholesale prices for fresh fruit averaged 10.9 percent higher during the first half of 1982 from the same period a year ago. Supplies of fresh summer fruit will be down sharply this year from the 1981 level due to adverse spring weather. As a result, USDA projects fruit prices will remain well above those a year ago.

The California nectarine crop is forecast at 150,000 tons, down 18 percent from 1981. Peach production is estimated to equal 2.12 billion pounds—a 24 percent decrease from a year ago. The California plum crop is also estimated to decline—down 52 percent from 1981.

- **Vegetables:** Wholesale prices for fresh vegetables fell 6.8 percent during the first six months of 1982 from the same period a year ago. Acreage planted for most major summer vegetables is close to 1981 levels with the exception of broccoli and tomatoes. Plantings are up 16 percent. If yields are average, USDA projects supplies will equal 1981 levels. However, tomato production is expected to decline 5.0 percent as cool weather in California has delayed crop development.

Planted acreage contracted for side-dish vegetables—snap beans, sweet corn and green peas—is up only slightly from a year ago. As a result, the pack of canned peas and beans will be substantially lower than a year ago. However, supplies of corn should be ample due to large carryover stocks. Restaurant operators can expect higher prices for beans and peas, particularly if sales pick up from the current slow pace.

Editor's note:
Information in this article describes the food situation in early August 1982. Readers should be aware that prices and supplies of many commodities can change rapidly. For the latest information on wholesale food prices and supplies, contact NRA's Research and Information Services Department in Washington, DC, (202) 638-6100.

Industry index

Sales at eating and drinking places increased 10.0 percent in July 1982 over the same month a year ago following a 9.2 percent gain in June.

Eating place sales advanced 10.6 percent in May over the same period in 1981 with real sales—adjusted for inflation—up 5.2 percent. During the first five months of this year eating places recorded real sales growth of 2.6 percent, somewhat higher than NRA's forecast of two percent in 1982.

Menu prices, as measured by the Consumer Price Index (CPI) for food away from home, increased 5.3 percent in June over the same month a year ago. This is similar to the 5.4 percent gain experienced in May.

Prices for food at home rose 5.2 percent in June over the same month a year ago—somewhat faster than the 4.5 percent increase experienced in May.

Retail sales (\$000,000)

	July 1982	percent change vs. July year ago	Year-to-date sales 1982	percent change vs. year ago
All retailers	\$89,801	+1.8%	\$594,379	+2.1%
Eating & drinking places	9,271	10.0	58,223	7.9
Food stores	21,950	4.9	143,060	5.4

Source: *Bureau of Census; unadjusted data, subject to revision*

Eating place indicators (\$000,000)

	May 1982	percent change vs. year ago	Year-to-date sales	percent change vs. year ago
Eating place sales	\$8,021	+10.6%	\$35,571	+8.4%
Real eating place sales (May)	—	+5.2%	—	+2.6%

Sources: *Bureau of Census; Bureau of Labor Statistics; NRA calculations, subject to revision*

Consumer prices

	percent change vs. June year ago	percent change 1982 to-date vs. year ago
Food at home	5.2%	+4.0%
Food away from home	5.3	5.7
All items less food	7.5	7.8

Source: *Bureau of Labor Statistics*

Employment and earnings

	May 1982	percent change vs. year ago
Total employment	4,929.8 employees	+2.1%
Non-supervisory employment	4,544.8 employees	2.1
Non-supervisory average hourly earnings	\$4.09 per hour	4.1
Average weekly hours	26.3 hours	1.5

Source: *Bureau of Labor Statistics*

HALF BAKED

'The worst food in Oregon'

Betty and Bernie Hannaford, owners of "The Worst Food in Oregon," happily offer Rolaids to customers who eat in their eastern Oregon restaurant. "It's the worst food you ever ate," says Mrs. Hannaford, "and our service is worse still."

When diners ask what the chef recommends, the Hannafords advise that customers take their money to another restaurant down the road. There is a catch to this free-flowing advice, however—the nearest eating establishment is 63 miles away, across the sagebrush-covered eastern Oregon desert.

"Ours is just a little hole in the wall. But if I wanted to, I could double the size of the building," says Mr. Hannaford.

"That's all we need," adds his wife, "more customers." *Associated Press*

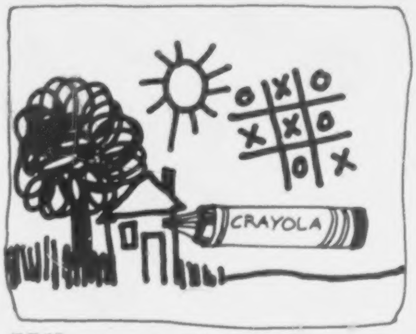
Ice cream and fixin's—reviewers' choice

An eighth grade class from Leland Junior High School in Bethesda, MD recently discovered that the life of a restaurant reviewer is not a piece of cake.

As a class project, the students reviewed 32 area restaurants and wrote a book about their conclusions, entitled *To eat or not to eat.*

A partial listing of their opinions quickly reveals the preferences of the young reviewers: Instead of "bland" Chinese food and "poorly-served" pickles the reviewers gave top ratings to Baskin-Robbins ice cream and applauded Roy Rogers for its hamburger fixin's bar.

The Washington Post Magazine



When customers will be kids

In order to save money, restaurateur Damion Kahn—owner of Nanny Rose in New York—covered his tables with butcher paper instead of expensive linen. It did save him money, but the dining room started to look so tacky and dull that Kahn came up with another idea. He called Crayola Crayons Co. and asked to use their trademark crayons in his restaurant. Crayola agreed and, from that point on, Nanny Rose became extremely colorful.

Kahn places large jars of crayons on each table. Customers draw elaborate pictures and play games while they wait for their meals to arrive. Kahn displays the best drawings.

"It's been great for repeat business," Kahn exclaimed. "People are looking for a total entertainment package when dining out, and the crayons provide a form of entertainment." So far the coloring promotion has cost him nothing—Crayola provides all the supplies. *Briefing Newsletter*

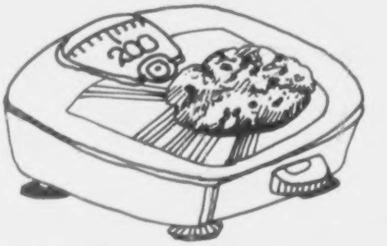
The cookie caper

You've been dieting all week and crave something sweet. Then—to your astonishment—you hear about a 21-calorie cookie. "Now," you think, "I can have my cake and eat it too." Not so, says Barbara Haroche, owner of the Skinny Dip Gourmet, a take-out restaurant in New York City.

When customers left her establishment because she didn't carry the jumbo cookies they had heard about, Haroche decided to purchase some and hired a New York laboratory to analyze the calorie content. The verdict: a whooping 240 calories each—10 times the advertising claim. Haroche turned over her cookie findings to a Manhattan community newspaper, which published a front-page expose.

Why did she bother? "One look at the cookies and you know immediately they can't be 21 calories," Haroche explained. "They weigh two ounces and contain oil, honey, molasses and peanut butter. One bite alone is probably more than 21 calories."

"If you say low-calorie, your product should be low-calorie," she said.



And Haroche should know because she employs a registered dietitian who makes sure that all the take-out selections are within 10 percent of the advertised caloric content. "I don't fool my customers with false advertising claims, and nobody else should either," she said.

In its defense the cookie manufacturer claims that although the cookies do contain 240 calories, they also contain a starch inhibitor which prevents the body from absorbing 219 calories.

Before the cookie caper, business was slow; but Haroche says that since the publicity about her expose, things have picked up. "Curious people are also coming into the store. They wouldn't have done that before the article," she said.

Wall Street Journal

NRA SEMINAR SCHEDULE

Bar Management

Nov. 15-17	Boston, MA

Basic Supervision

Oct. 26	Indianapolis, IN
Nov. 9	Cherry Hill, NJ
Nov. 16	Chicago, IL

Computers

Nov. 8	St. Louis, MO

Controlling Beverage Costs

Oct. 4	Ft. Lauderdale, FL
Oct. 19	Buffalo, NY
Oct. 20	Albany, NY
Nov. 1	Raleigh, NC
Nov. 3	Savannah, GA
Nov. 9	Baltimore, MD
Nov. 16	Charleston, WV

Controlling Food Costs

Nov. 1	Portland, OR
Nov. 8	Nashville, TN
Nov. 15	Charleston, WV

Controlling Labor Costs

Oct. 11	Cincinnati, OH

Creative Merchandising Techniques

Oct. 25	Milwaukee, WI

Dining Room Management

Oct. 5	Seattle, WA
Oct. 7	Los Angeles, CA
Nov. 1	Sacramento, CA
Nov. 3	Aspen, CO
Nov. 9	Wilmington, DE
Nov. 17	Milwaukee, WI

Fish and Seafood

Oct. 5	Baltimore, MD
Oct. 7	Norfolk, VA
Oct. 18	San Diego, CA

Hiring Hourly Employees

Oct. 18	Minneapolis, MN

Preparing a Successful Employee Manual

Nov. 3-4	Williamsburg, VA
Nov. 22-23	Las Vegas, NV

How to Turn your Restaurant Business into a Private Tax Shelter

Nov. 1-2	Atlantic City, NJ
Nov. 17-18	Honolulu, HI

Kitchen Management

Oct. 21	Hartford, CT
Oct. 24	Wichita, KS
Oct. 26	Houston, TX
Nov. 16	Washington, DC
Nov. 22	Williamsburg, VA

Location! Location! Location! How to Successfully Negotiate and Finance your New Operation(s)

Oct. 6-7	Atlanta, GA

Marketing for Profit

Oct. 27-28	Austin, TX

Menu Development

Oct. 4	Tarrytown, NY
Nov. 15	Bangor, ME
Nov. 17	Manchester, NH
Nov. 30	Salt Lake City, UT

Off-Premise Catering

Oct. 4-5	Portland, OR
Nov. 8-9	St. Louis, MO
Nov. 29-30	Los Angeles, CA

Performance Review

Oct. 19	Minneapolis, MN

Practical Accounting for Foodservice Managers

Oct. 5	Oklahoma City, OK

Practical Meat Workshop

Nov. 23	Richmond, VA

Real Estate and Site Selection

Oct. 12-13	Atlantic City, NJ
Nov. 9-10	Houston, TX

Simplified Baking Workshop

Oct. 5	Darien, CT
Nov. 18	Boston, MA

Soups and Sauces

Oct. 18	Washington, DC
Oct. 19	Boston, MA

Super Salads

Oct. 12	Phoenix, AZ
Oct. 14	San Antonio, TX

Winning! Labor Law and Unions

Oct. 20-21	Honolulu, HI

National Conference on Purchasing

Oct. 11-13	Chicago, IL

National Conference on Alcoholic Beverage Service

Nov. 7-10	Dallas, TX

For more information, contact NRA's seminar department, 311 First St., NW, Washington, DC 20001; call (202) 638-6100 or (800) 424-5156.

NRA's Second Annual National Conference on Purchasing

A two-and-one-half-day foodservice forum

Purchasing '82—a bottom line approach

October 10-12
Palmer House
Chicago, Illinois

NRA
NATIONAL RESTAURANT ASSOCIATION

WN 09/13 MEMBER#81L006WF
STATISTICAL REFERENCE IND
CONGRESSIONAL INFO SERVICE
4520 EAST-WEST HWY #800
WASHINGTON DC 20014